Agenda Item 2.3
Advisory Committee on
Competitive Municipal
Taxation Policy (ACCMTP)
March 25, 1999

Advisory Committe
Competitive Municipal
Taxation Policy

CA3 ONHWAOS
99A22
URBAN
MUNICIPAL

Economic Profile

March 25, 1999

Relative Tax Burden
& Benchmarking

Summary

Economic Profile

Digitized by the Internet Archive
in 2023 with funding from
Hamilton Public Library

https://archive.org/details/advisorycommitte00hami

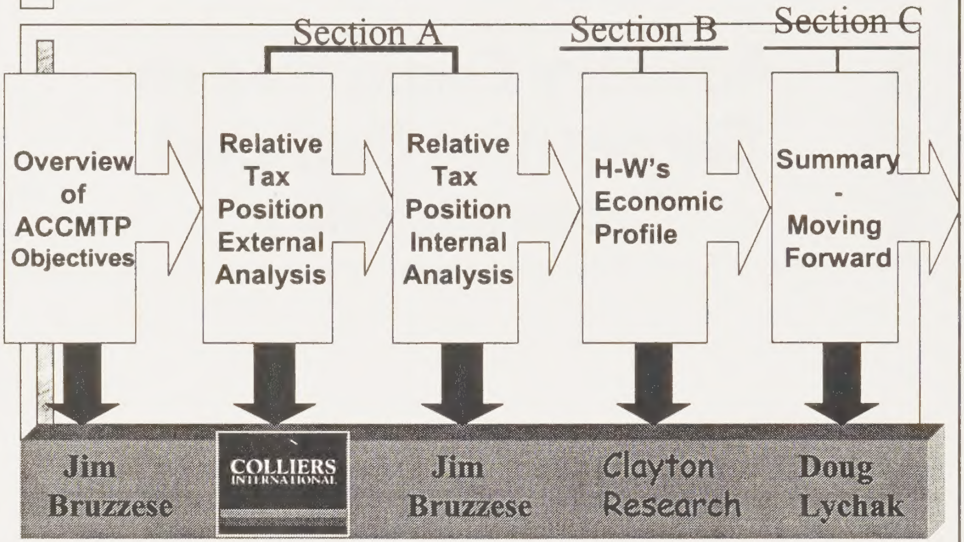
Advisory Committee on Competitive Municipal Taxation Policy

March 25, 1999

Objective of the Presentations

- Information Session
- Update the Committee on the status of the mandated tasks assigned
- Provide an opportunity for the consultants to present their findings
- Prompt discussion for next steps and the development of an action plan

Today's Agenda



Section A

Section B

Section C

Overview of ACCMTP Objectives

Relative Tax Position External Analysis

Relative Tax Position Internal Analysis

H-W's Economic Profile

Summary - Moving Forward

Jim Bruzzese

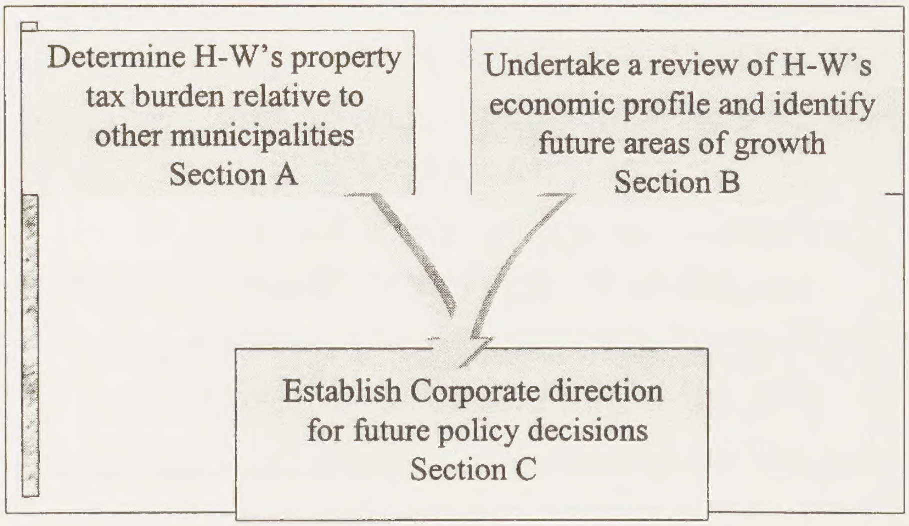
COLLIERS INTERNATIONAL

Jim Bruzzese

Clayton Research

Doug Lychak

Approved Terms of Reference



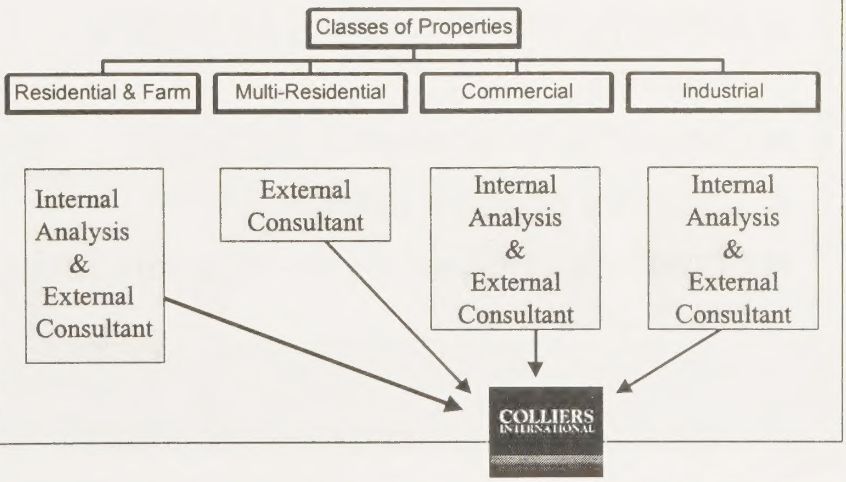
Determine H-W's property tax burden relative to other municipalities
Section A

Undertake a review of H-W's economic profile and identify future areas of growth
Section B

Establish Corporate direction for future policy decisions
Section C

Section A:
Determine H-W's property tax burden relative to other municipalities

Conduct detailed analysis on H-W's relative tax burden (Section A)



Classes of Properties

Residential & Farm

Multi-Residential

Commercial

Industrial

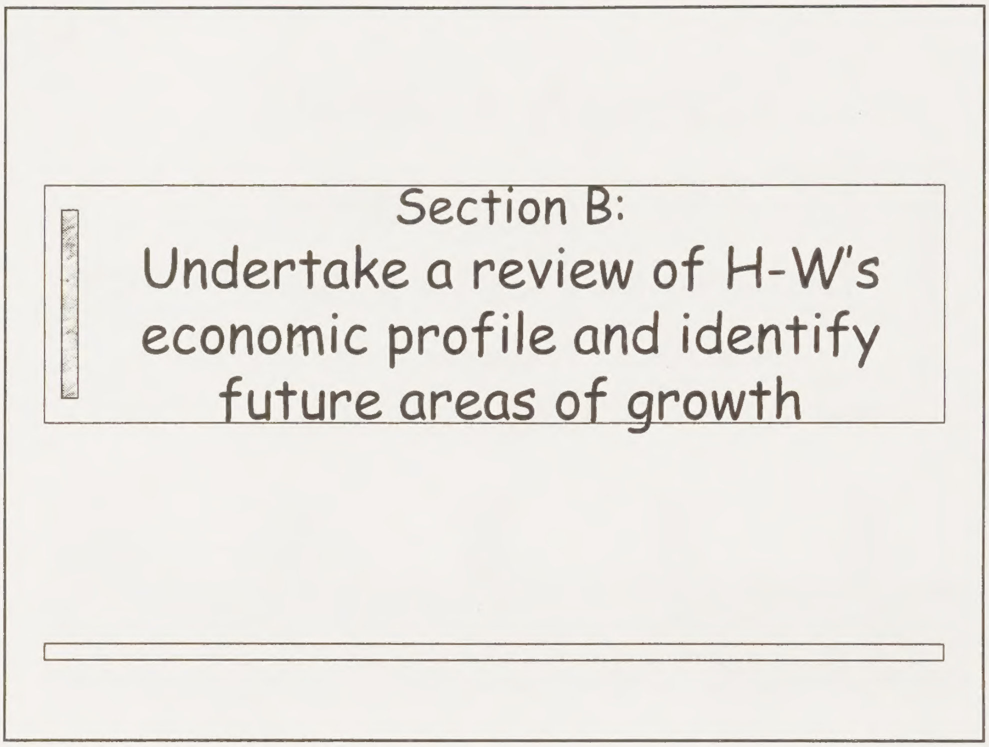
Internal Analysis & External Consultant

External Consultant

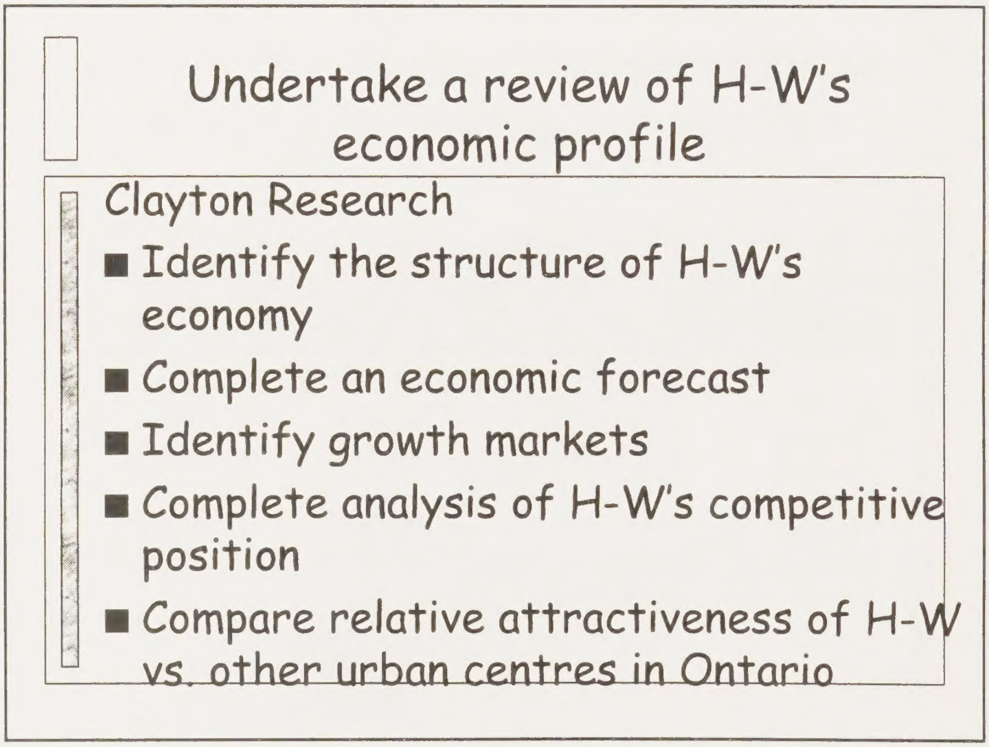
Internal Analysis & External Consultant

Internal Analysis & External Consultant

COLLIERS INTERNATIONAL



Section B:
Undertake a review of H-W's economic profile and identify future areas of growth



Undertake a review of H-W's economic profile

Clayton Research

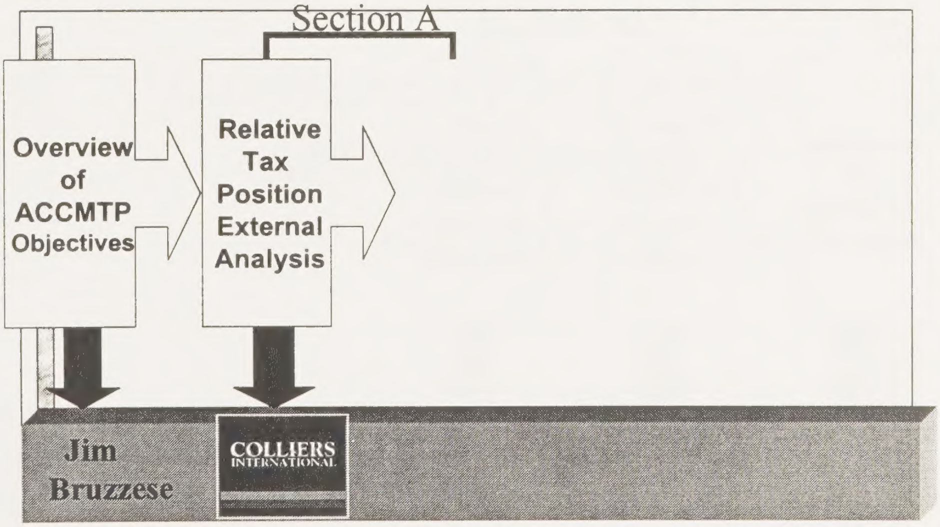
- Identify the structure of H-W's economy
- Complete an economic forecast
- Identify growth markets
- Complete analysis of H-W's competitive position
- Compare relative attractiveness of H-W vs. other urban centres in Ontario

Section C:

Establish Corporate direction for future policy decisions such as taxation, service levels, development charges, service delivery options

---

Today's Agenda



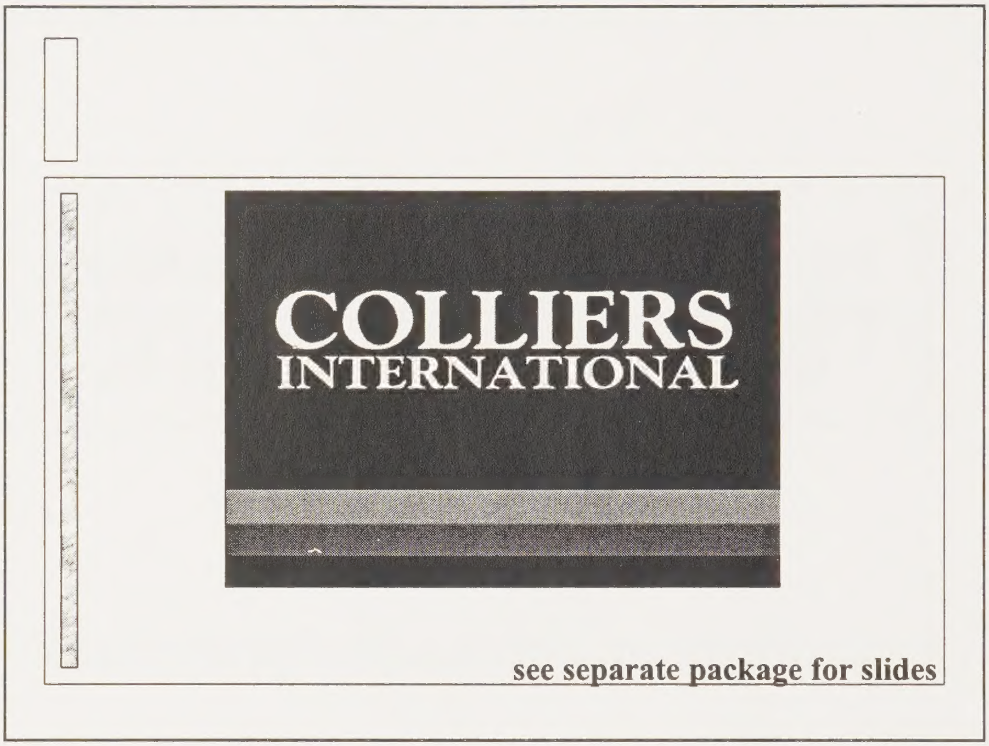
Section A

Overview of ACCMTP Objectives

Relative Tax Position External Analysis

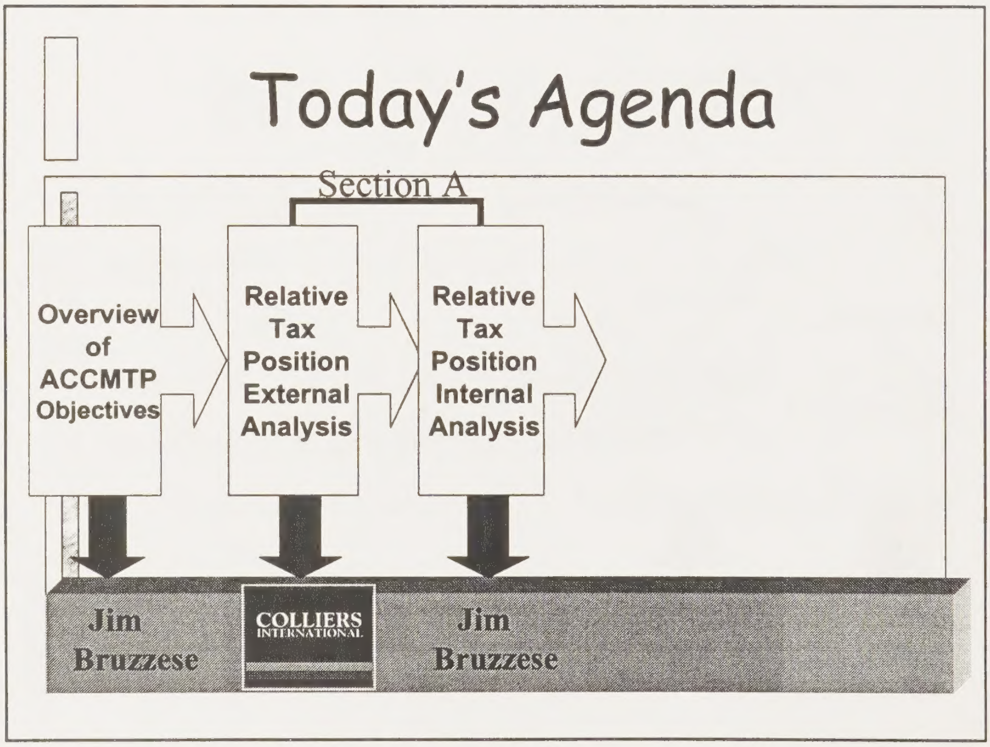
Jim Bruzzese

COLLIERS INTERNATIONAL



COLLIERS INTERNATIONAL

see separate package for slides



Today's Agenda

Section A
Overview of ACCMTP Objectives
Relative Tax Position External Analysis
Relative Tax Position Internal Analysis
Jim Bruzzese
COLLIERS INTERNATIONAL
Jim Bruzzese

Determine H-W's property tax burden relative to other municipalities

- Conduct analysis on H-W's relative tax burden
  - Internal Analysis
- Isolate the tax components:
  - Education and Municipal Taxes
- Complete benchmarking analysis
  - Municipal Services

Commercial/Industrial Internal Review

Internal Analysis
Tax Comparison of Like Properties

Theoretical analysis

- eg. 20,000 square foot building on 1.0 acre of land

❶ The assessment offices from each municipality provides the land and building value

❷ Calculate the relative tax burden by applying the tax rates

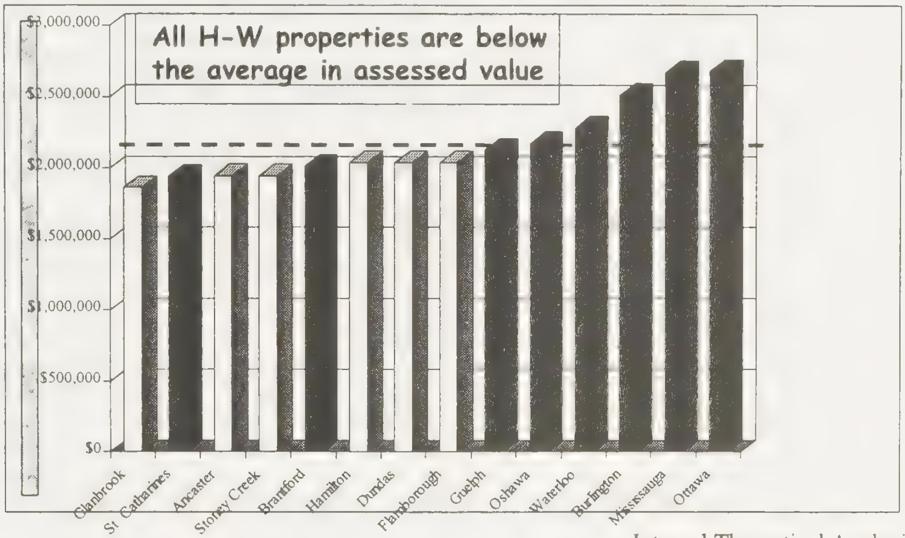
Findings - Assessed Values

- According to the theoretical analysis conducted, properties in H-W have an assessed value below the average for each property type
  - small industrial
  - medium industrial
  - large industrial
  - commercial

Assessed Values - an illustration

Medium Industrial

(66,000 sq.ft. building, 4.5 acres of land)



All H-W properties are below the average in assessed value

Internal Theoretical Analysis

General Trends - Internal Analysis

Theoretical analysis

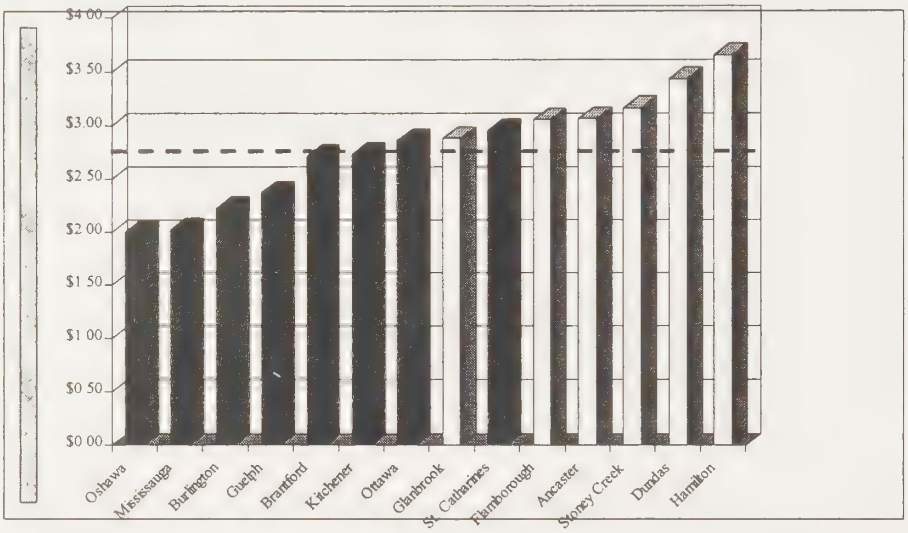
- While the property values in H-W are lower than many of the municipalities surveyed, this factor does not offset the higher tax rates in H-W

- Result: higher relative tax burden in H-W for commercial and industrial properties

Total Taxes Per Square Footage

Medium Industrial

(66,000 sq.ft. building, 4.5 acres of land)



Internal Theoretical Analysis

General Trends - Internal Analysis

"Same" business analysis

- Selected major chains in various business sectors and compared the taxes/square foot in each
  - ➪ coffee shops, big box, auto dealerships, variety stores
- H-W properties typically have a higher relative tax burden compared to the properties in other municipalities surveyed (excluding Toronto)
  - ➪ Consistent with the trends seen in Colliers

Summary - Commercial/Industrial Internal Analysis

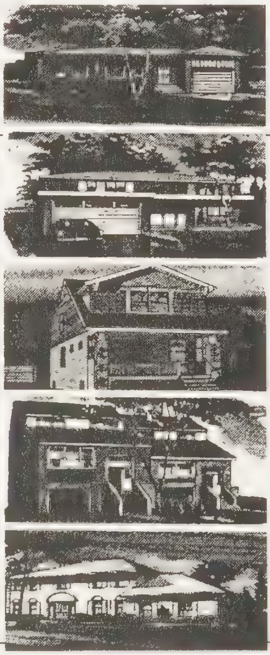
- Reinforces findings of Colliers Study
- Relative tax burden in H-W is higher than most of the surrounding municipalities for commercial and industrial properties

---

Residential Properties Internal Review

Defining relative tax burden

1. Analyzed using like property comparisons
2. Analyzed property taxes in relation to taxpayers income
   - ie, what burden do property taxes place on an individual taxpayer?
   - does the relative tax burden vary by area municipality?



Residential Sector Analysis

- ➡ Calculate relative tax burden on similar homes across municipalities using the Royal LePage Survey of Canadian House Prices

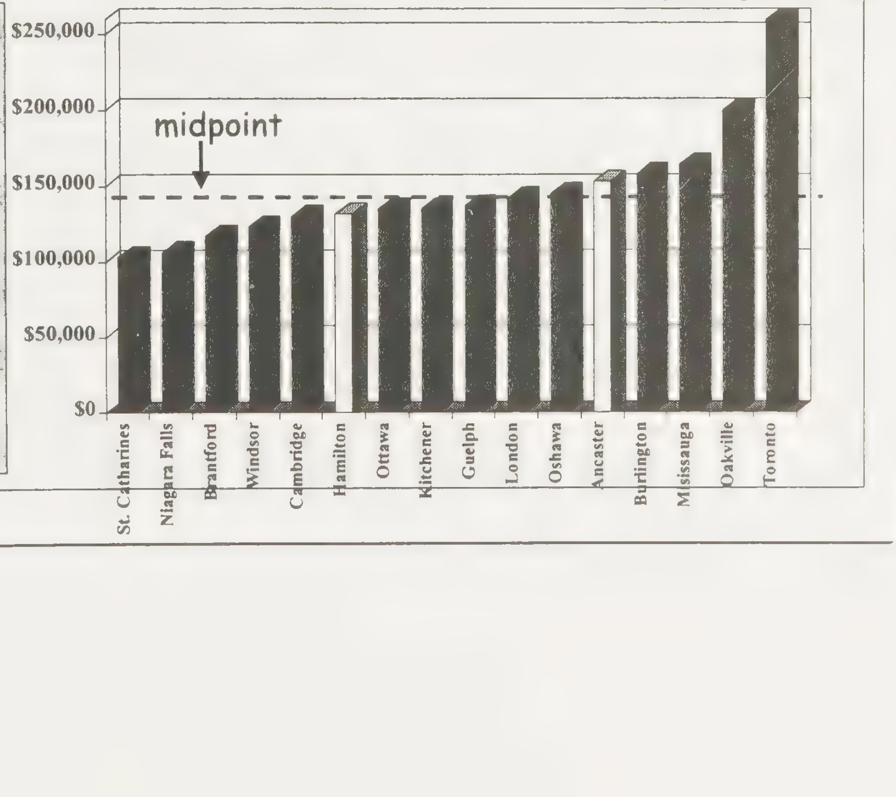
ROYAL LEPAGE

Royal LePage Housing Types

- Seven types of residential properties
  - ⇨ only Ancaster and Hamilton were included in the Royal LePage information from H-W
- Analysis focussed on the two most common housing types in H-W
  - ⇨ Detached Bungalow
  - ⇨ Standard Two-storey

Detached Bungalow Average Dwelling Value

Source: Royal LePage Jun 30, 1996



General Trends - Internal Analysis

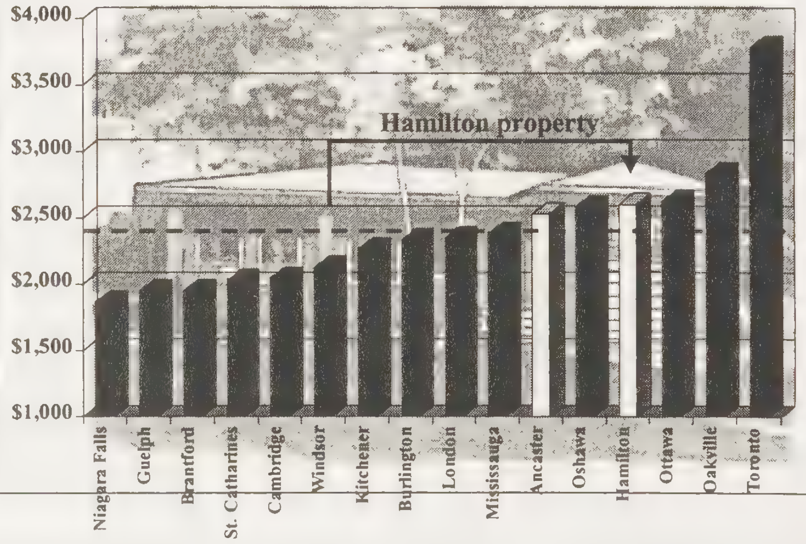
Theoretical analysis

Value of home x tax rate = property taxes

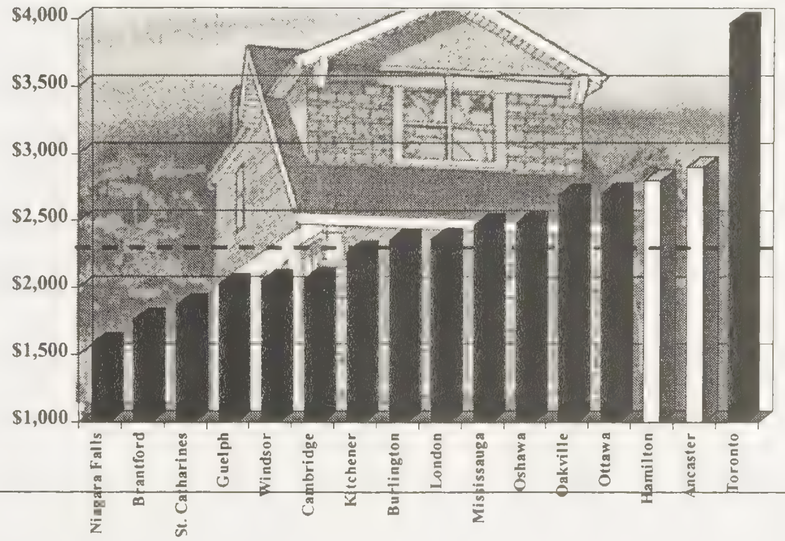
- While the property values in Hamilton are lower than many of the municipalities surveyed, this is not enough to offset the higher tax rates in H-W

- Relatively higher tax burden for Hamilton and Ancaster residential properties

Residential taxes based on Detached Bungalow



Residential taxes based on Standard Two Storey



Summary of Royal LePage Residential Analysis

- **Across the seven types of housing, property taxes in Hamilton and Ancaster ranked on average 5th and 3rd highest respectively out of 16 municipalities**

Other Measures of Relative Tax Burden

- In order to identify the relative tax burden on a property owner, it is important to also consider the impact that property taxes has on disposable income
- Using Stats Canada information
  - for average dwelling value and average household income for privately owned homes.....

Methodology

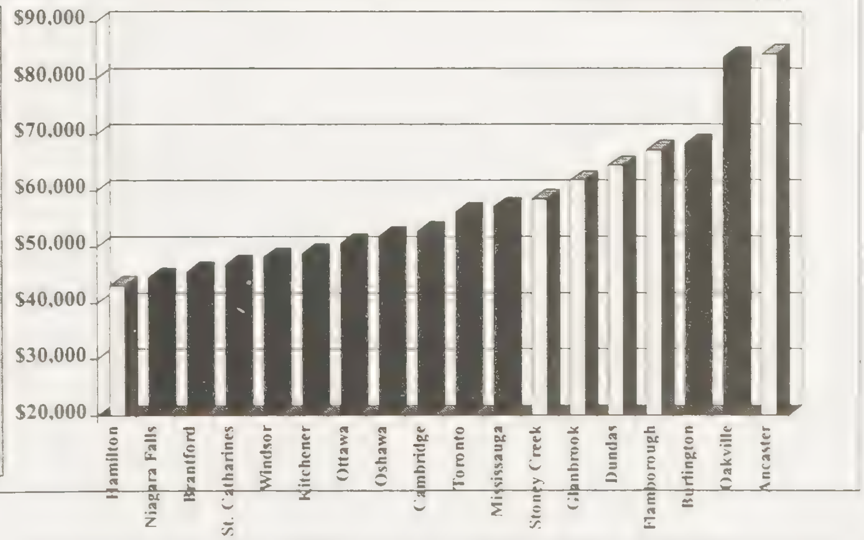
Using Stats Canada information

- ⇨ Took the average dwelling value in each of the respective municipalities and calculated the property taxes
  - EG. Hamilton's average dwelling value
    $137,000 x 1.97%=$2,700
- ⇨ Compared to average household income of homeowners ($43,000 in Hamilton) to determine the relative burden on the taxpayer

Findings Average Household Income

- The average income in Hamilton is lower than all other municipalities included in the survey
- The average income in Ancaster is the highest

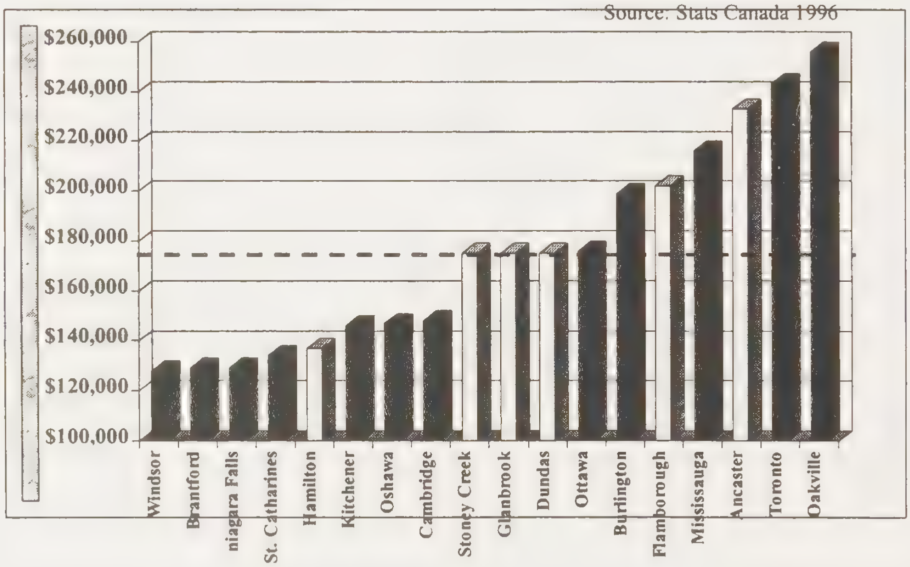
Average household income for privately owned home


Source: Stats Canada 1996

Findings Average Dwelling Value

- With the exception of Hamilton, the average dwelling value for all other municipalities in H-W is above the average of the surveyed municipalities

Average Dwelling Value



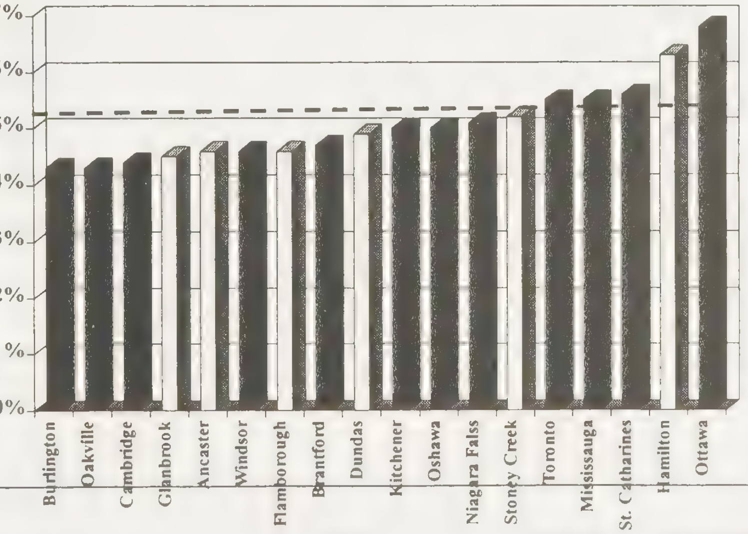
Source: Stats Canada 1996

Net Result: Relative Tax Burden

- To highlight the results of the relative tax burden measure:
- Hamilton has the 2nd highest relative tax burden
  - leads to affordability issues
- Ancaster had a lower than average relative tax burden as a result of a higher than average household income

Residential taxes as a percentage of gross income

(avg based on Stats Canada)



Intepreting the results

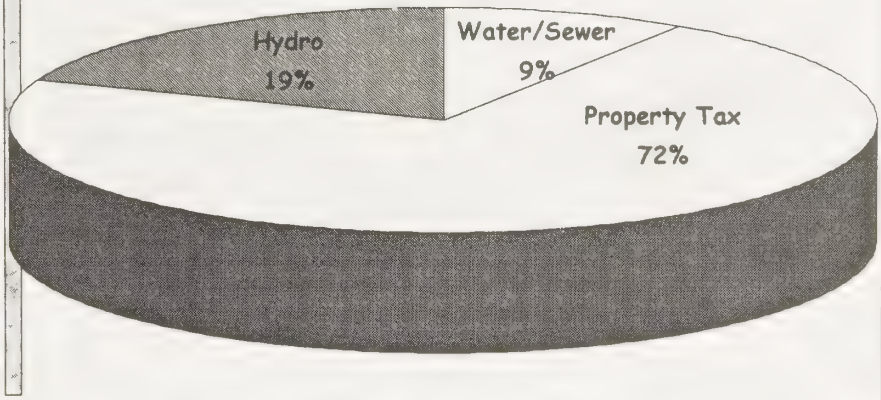
- Based on the existing tax burden on residential properties, on average taxpayers in the respective area municipalities are required to spend....

- Glanbrook	4.5%	
- Ancaster	4.6%	
- Flamborugh	4.6%	
- Dundas	4.9%	← Survey Average
- Stoney Creek	5.2%	
- Hamilton	6.3%	

- of their gross income on property taxes

Property taxes and select location-sensitive factors Residential

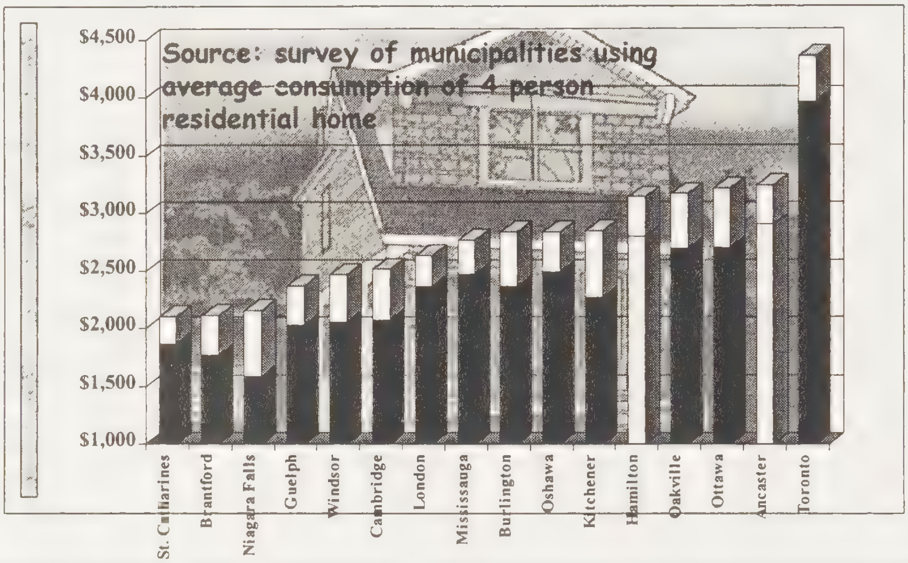
Select Location-Sensitive Costs - Residential



General Observations - Water/Sewer

- There is a significant variance in Water/Sewer rates across municipalities
  - H-W's rates are below the average of the municipalities surveyed
  - compose only 9% of location-sensitive costs in residential included in the analysis
  - adding this utility cost into the tax analysis Hamilton moved from 3rd to 5th highest in relative tax burden (standard two storey)
  - Ancaster stayed the same in the ranking

Property Taxes & Water/Sewer based on Standard Two Storey

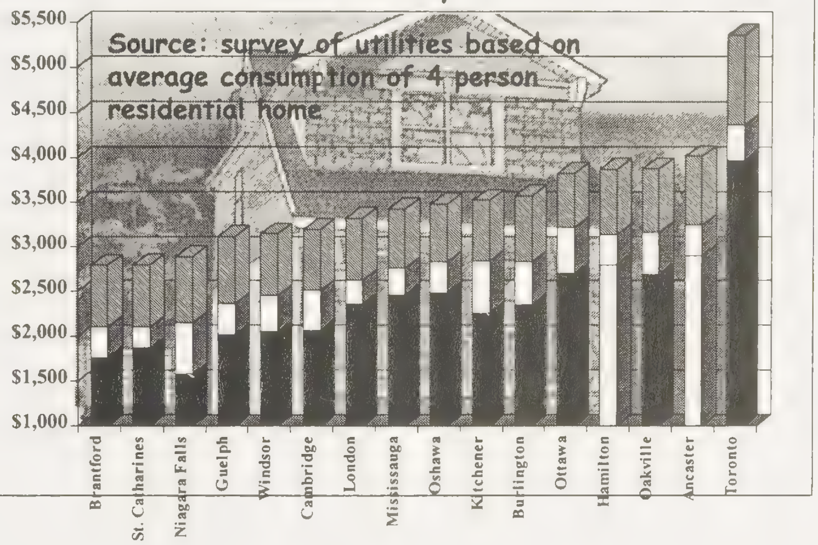


Source: survey of municipalities using average consumption of 4 person residential home

General Observations - Hydro

- With the exception of Toronto, there is little variation between residential hydro rates
  - composes 19% of location-sensitive costs included in the analysis (residential)
  - adding hydro and water/sewer costs moved Hamilton from 3rd to 4th highest in relative tax burden (standard two storey)
  - Ancaster stayed the same in the ranking

Property Taxes, Water/Sewer & Hydro based on Standard Two Storey

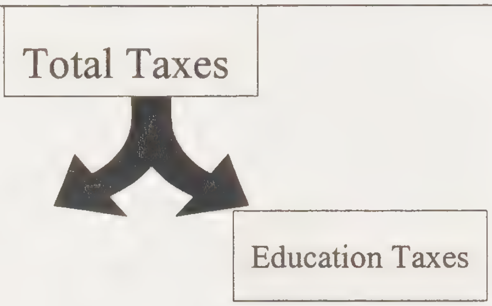

Source: survey of utilities based on average consumption of 4 person residential home

---

Conclusions- Residential

- In comparing like properties across municipalities, property taxes in Hamilton & Ancaster are high ranking, in the top third of the municipalities surveyed
- Taxes as a percentage of income (Affordability Measure)
  - The relative burden in the City of Hamilton is second highest
  - The relative tax burden in the other municipalities in H-W is at or below the average
- The inclusion of hydro and water/sewer have minimal impact on these findings

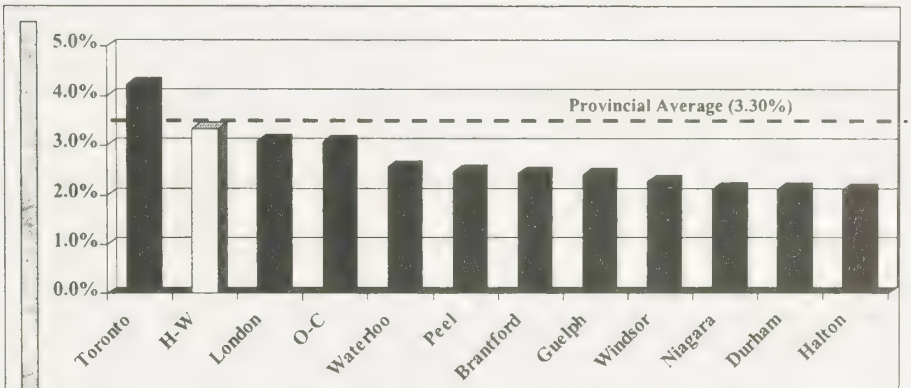
Isolating the factors contributing to relative property tax burdens


Total Taxes

Education Taxes

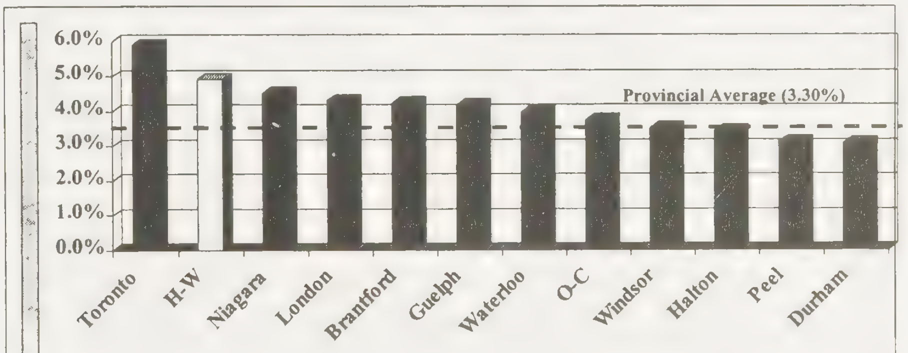
Education taxes

Commercial - Education Rates



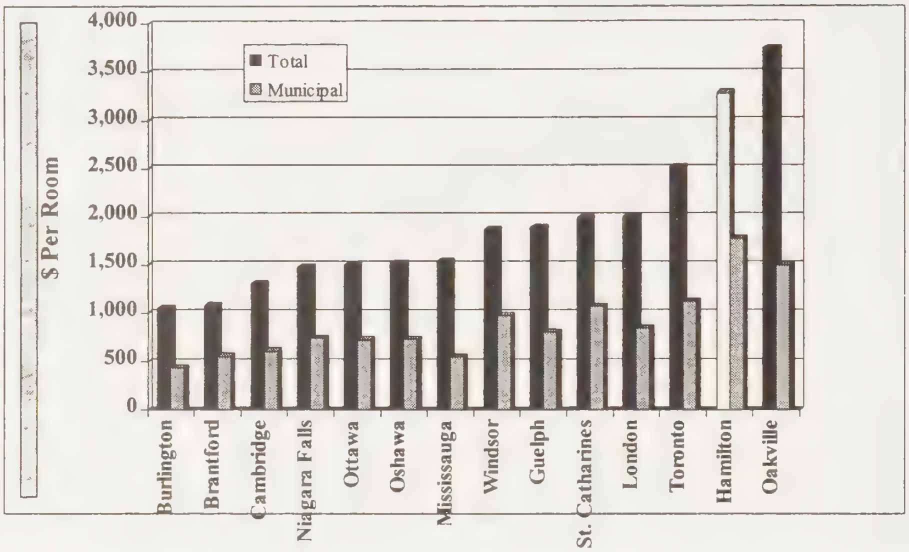
Commercial - H-W is at the Provincial average yet many cities are below the average the province has not indicated a move up to the average

Industrial - Education Rates

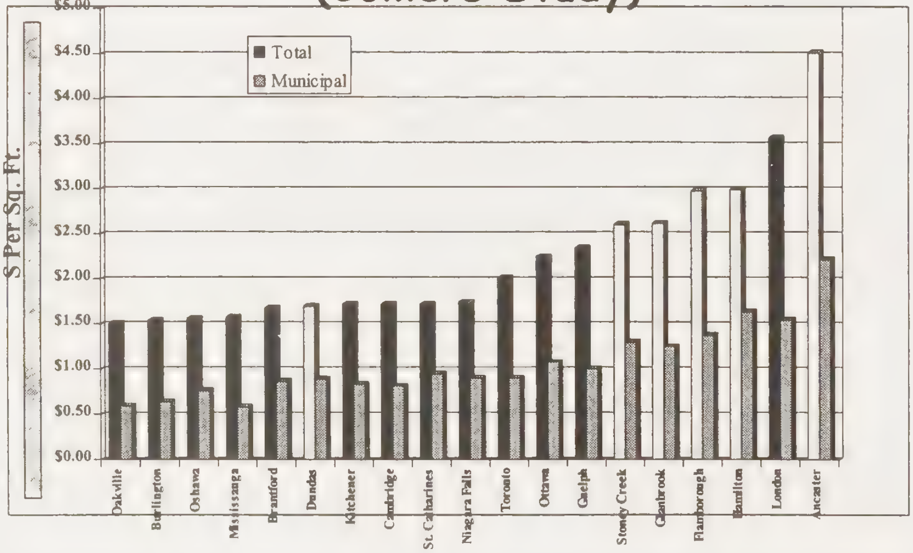


Industrial - H-W is 48% higher than Provincial average According to the provincial plan, it will take 8 years to reach the average.

1998 Taxes/Room - Budget Hotel
(Colliers Study)



1998 Taxes/Sq. Ft. - Standard Industrial
(Colliers Study)

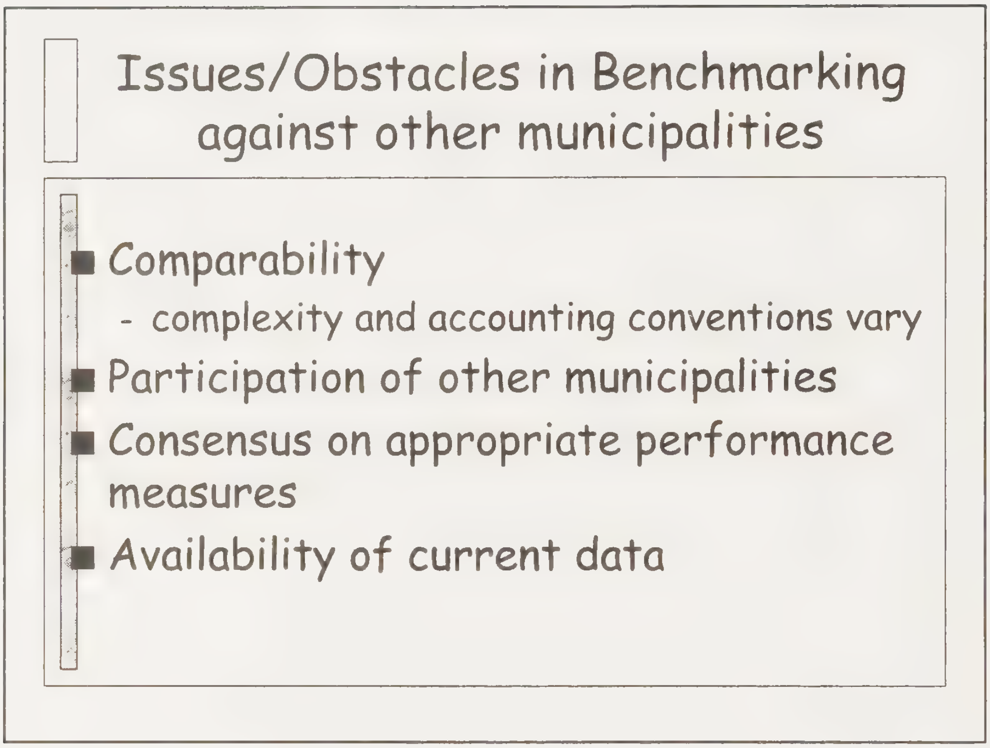


Summary - Isolating Education Taxes

- Eliminating education from the comparison improves to some extent H-W's competitive position
- However, H-W's municipal tax burden is still relatively high

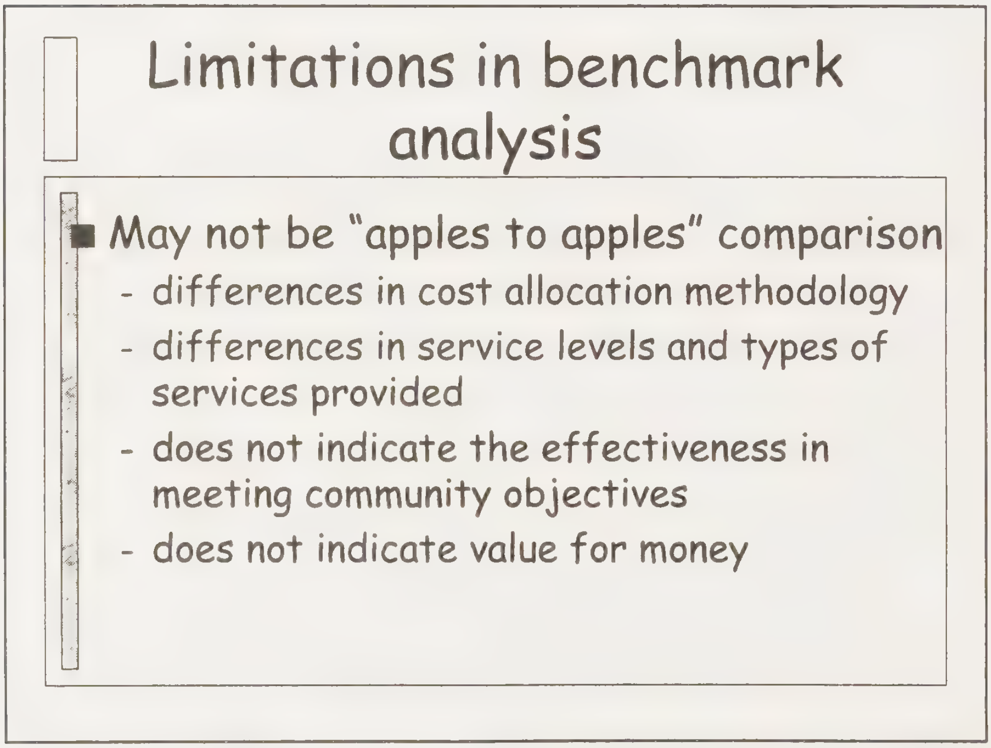
---

Municipal Taxes



Issues/Obstacles in Benchmarking against other municipalities

- Comparability
  - complexity and accounting conventions vary
- Participation of other municipalities
- Consensus on appropriate performance measures
- Availability of current data



Limitations in benchmark analysis

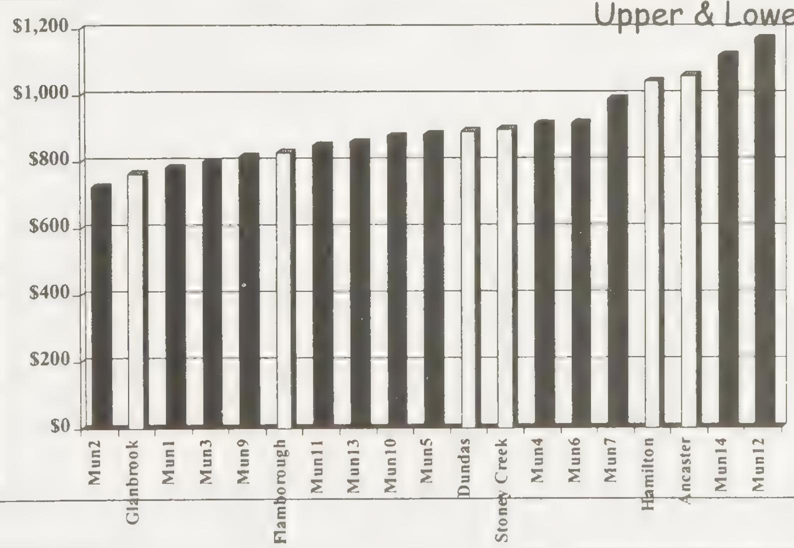
- May not be "apples to apples" comparison
  - differences in cost allocation methodology
  - differences in service levels and types of services provided
  - does not indicate the effectiveness in meeting community objectives
  - does not indicate value for money

Preliminary Benchmarking Analysis

- The analysis provides:
  - ✓insight into the total cost of providing municipal services to the community on a comparable basis (eg. per capita)
  - ✓breakdown of expenditures associated with providing each of the municipal services
  - ✓identification of costs that appear to be higher on a service by service basis that may warrant further investigation

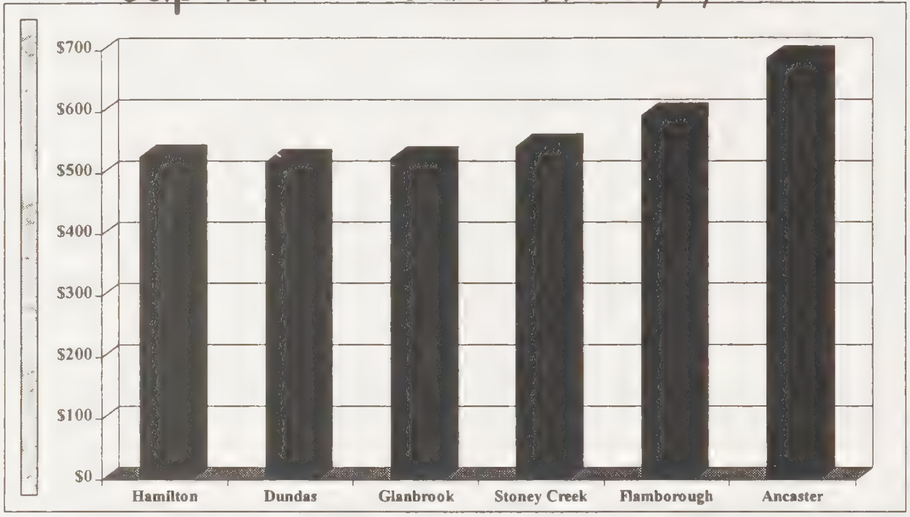
1998 Municipal Taxes per capita

Source: 1998 levy by-laws
Upper & Lower tier

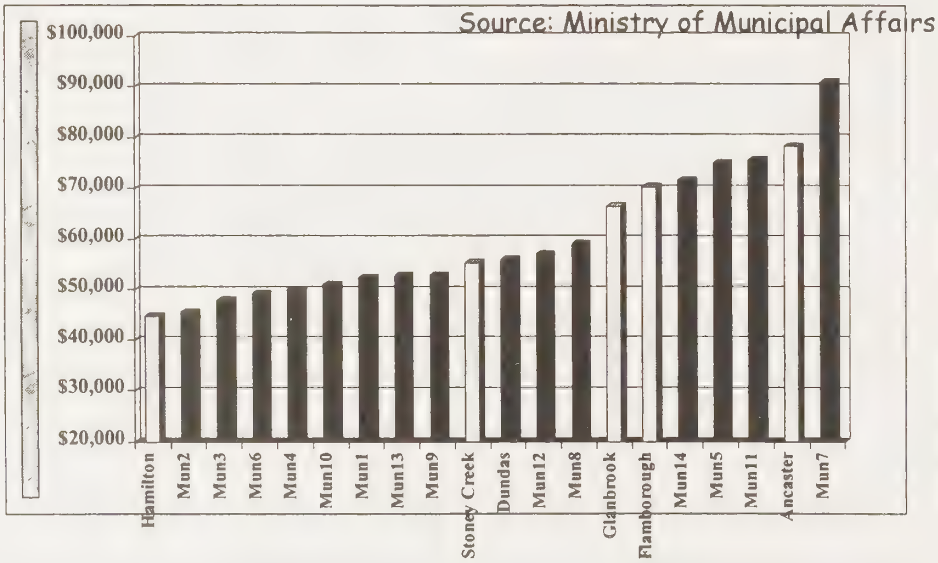


1998 H-W Regional General Levy per capita

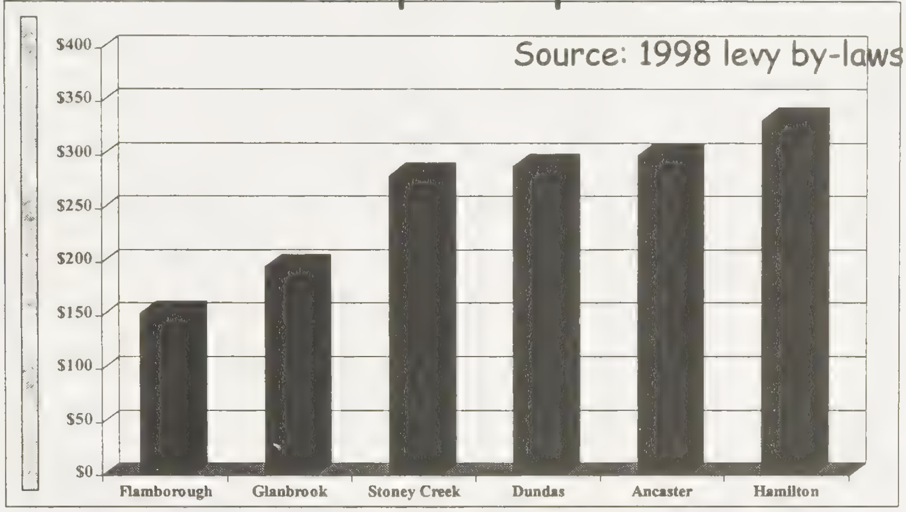
Source: 1998 levy by-laws



1998 Assessment per capita


Source: Ministry of Municipal Affairs

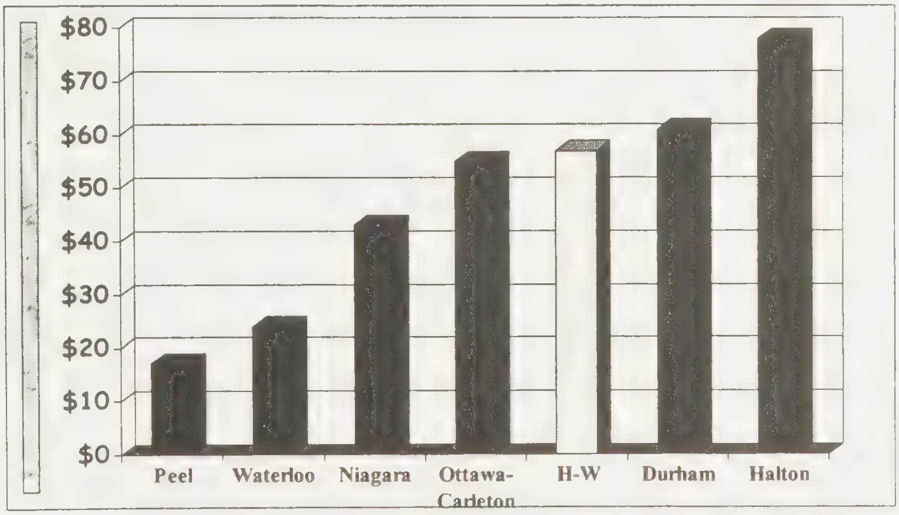
1998 H-W Local Taxes per capita



Source: 1998 levy by-laws

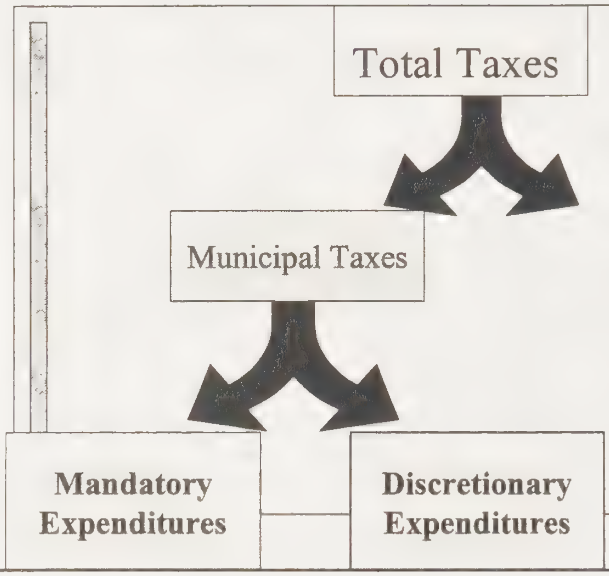
For comparision purposes
Excludes Hamilton and Dundas Library, Flamborough Storm

1998 net downloading/per capita



Source: 1998 Downloading Information

Analysis of property taxes



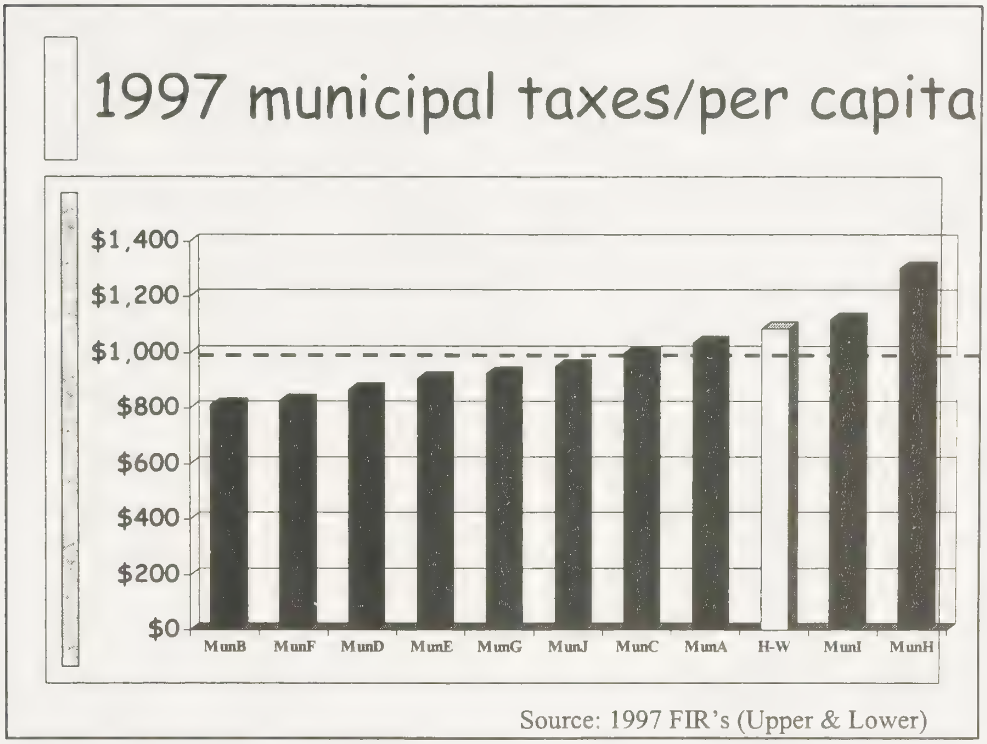
Total Taxes

Municipal Taxes

Mandatory Expenditures

Discretionary Expenditures

1997 FIR's and other benchmarking studies



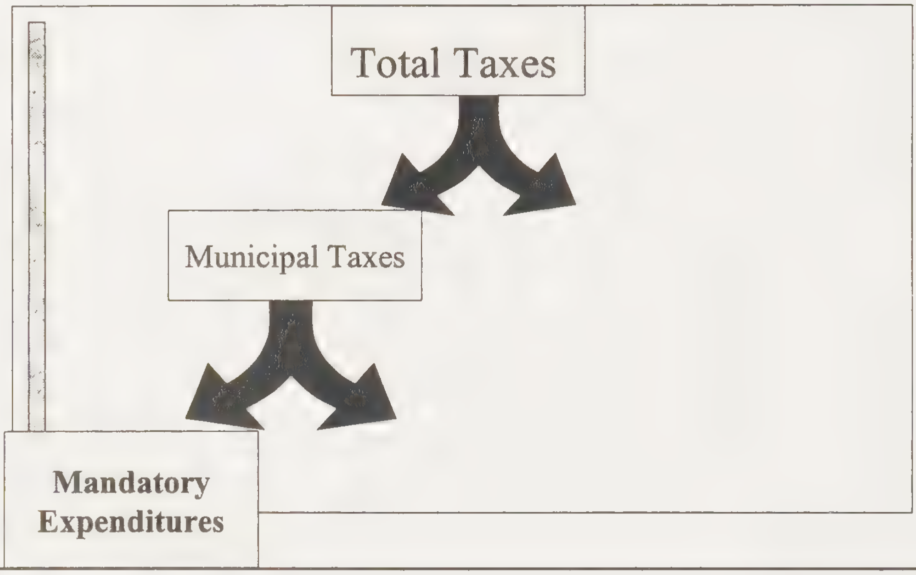
1997 municipal taxes/per capita

Source: 1997 FIR's (Upper & Lower)

Equalizing H-W's municipal taxes per capita

- If H-W were to equalize expenditures on a per capita basis to the average of the municipalities included in the survey, this would require a reduction of $47.5 million

Analysis of property taxes

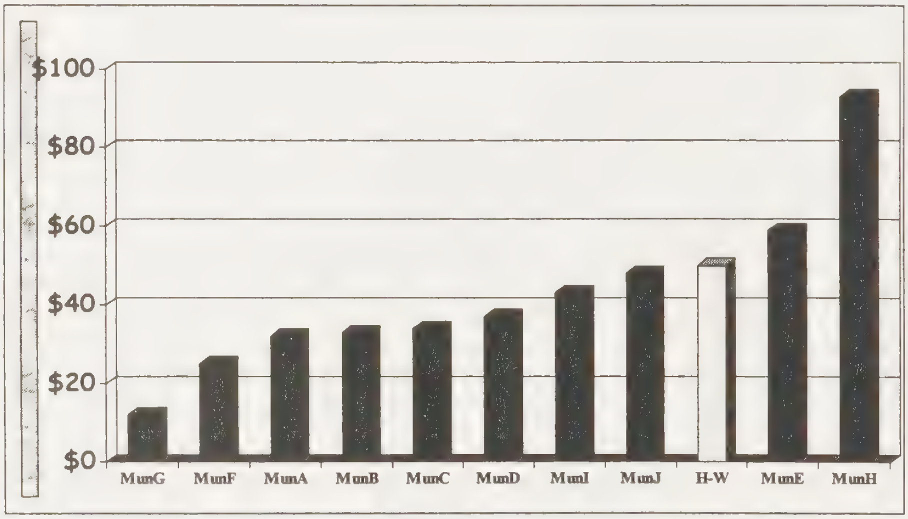


Total Taxes

Municipal Taxes

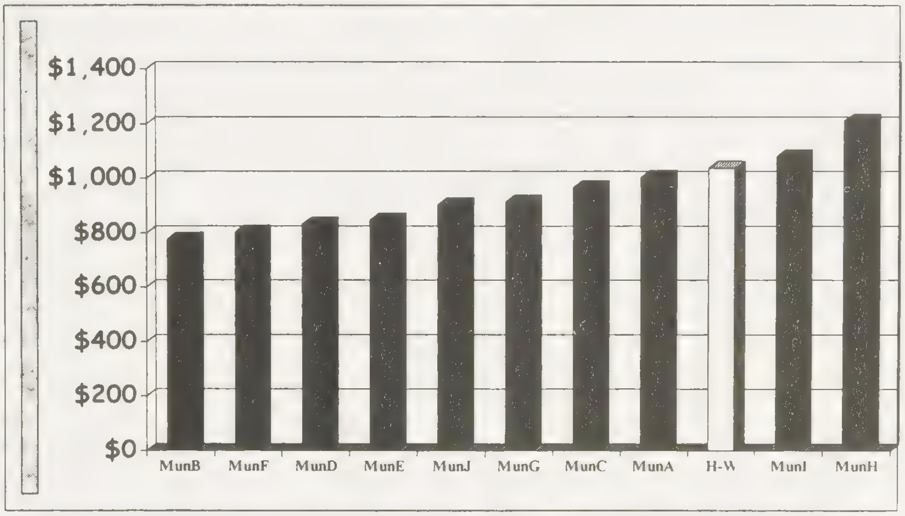
Mandatory Expenditures

1997 General Assistance/per capita



Source: 1997 FIR's

1997 Municipal Taxes/per capita (excluding GWA)

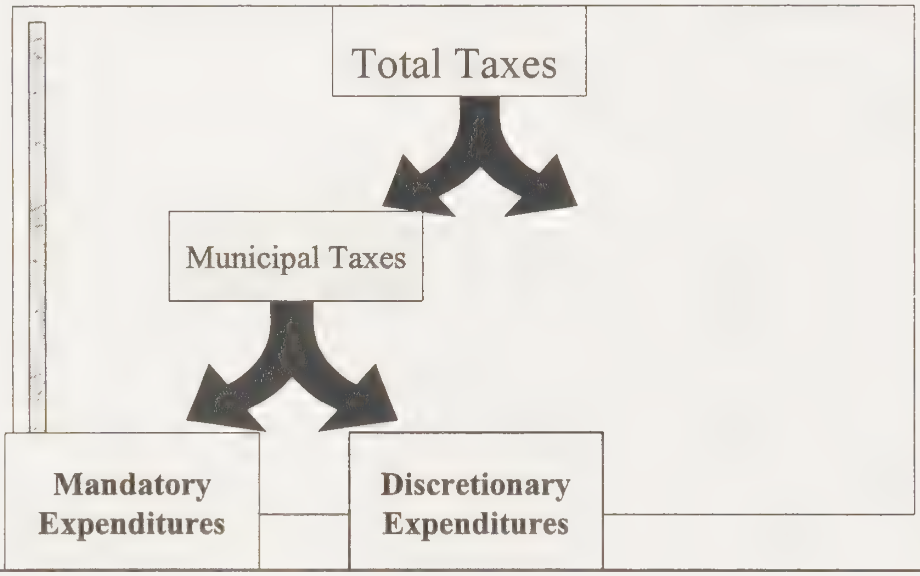


Source: 1997 FIR's (Upper & Lower)

Equalizing H-W's municipal taxes (excluding GWA) per capita

- If H-W were to equalize expenditures on a per capita basis to the average of the municipalities included in the survey, this would require a reduction of $44.1 million

Analysis of property taxes



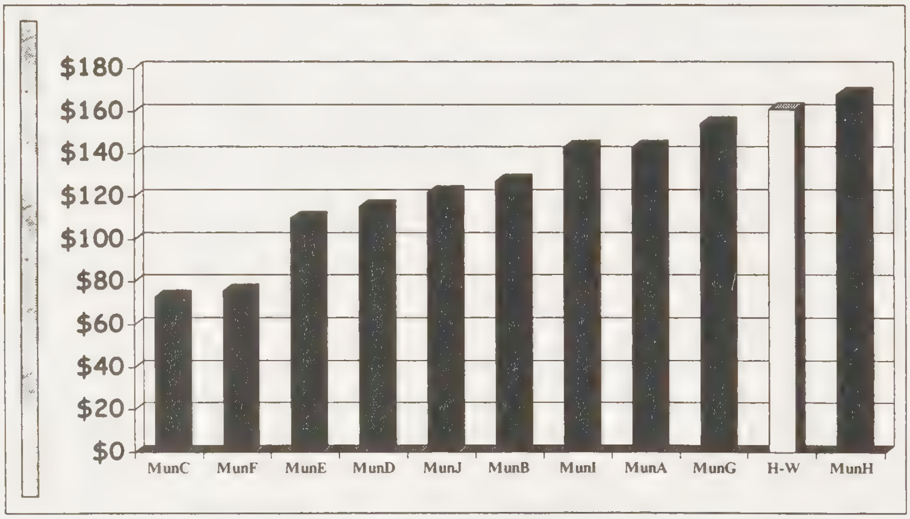
Total Taxes

Municipal Taxes

Mandatory Expenditures

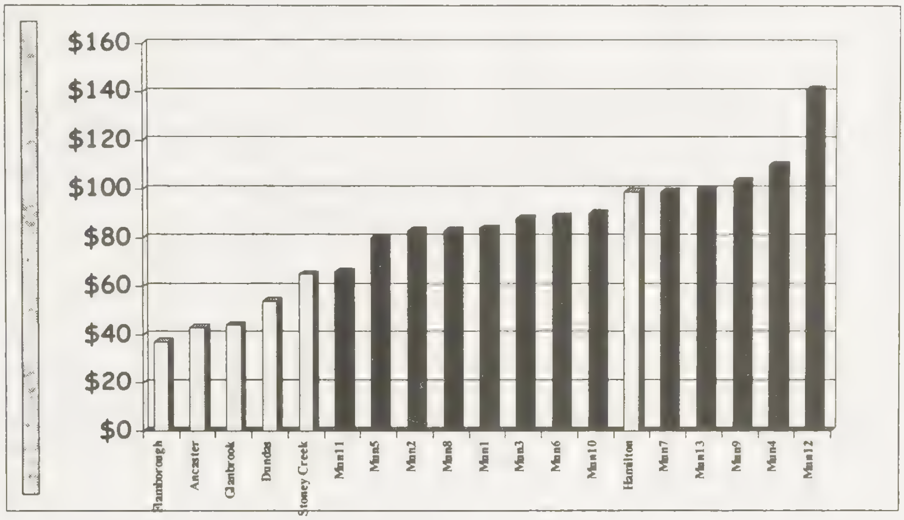
Discretionary Expenditures

1997 General Government/per capita



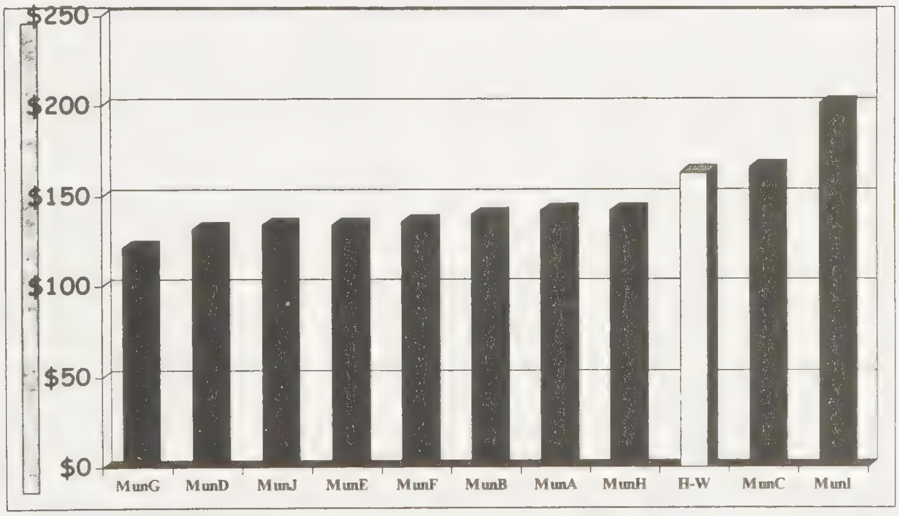
Source: 1997 FIR's (Upper & Lower)

1997 Fire/per capita

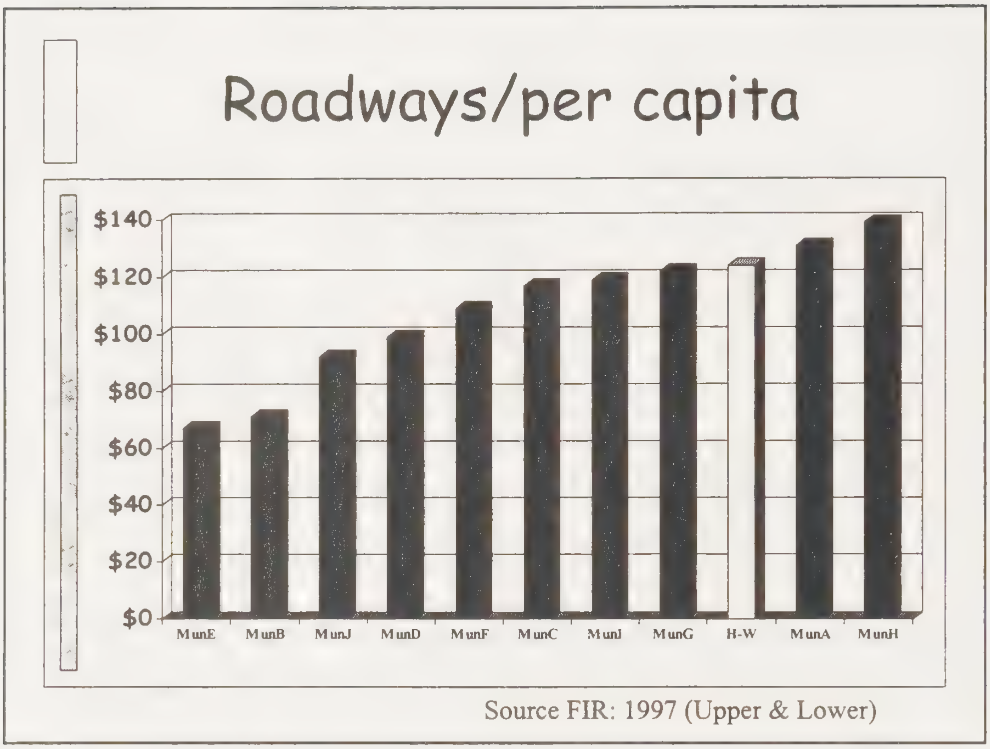


Source FIR: 1997

Police/per capita

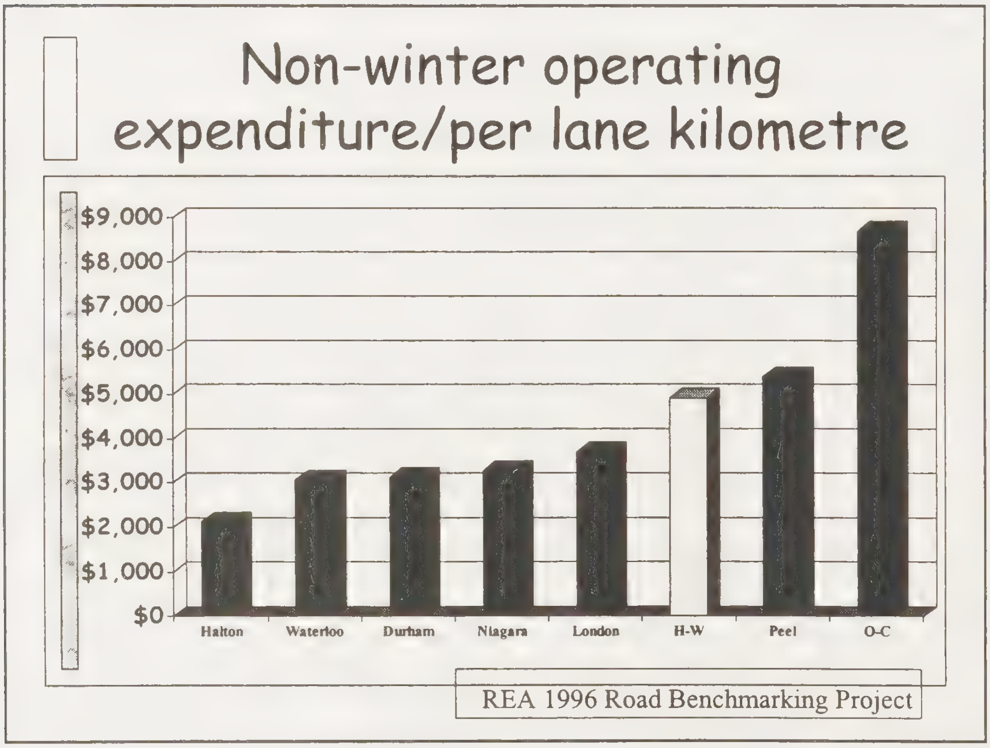


Source FIR: 1997



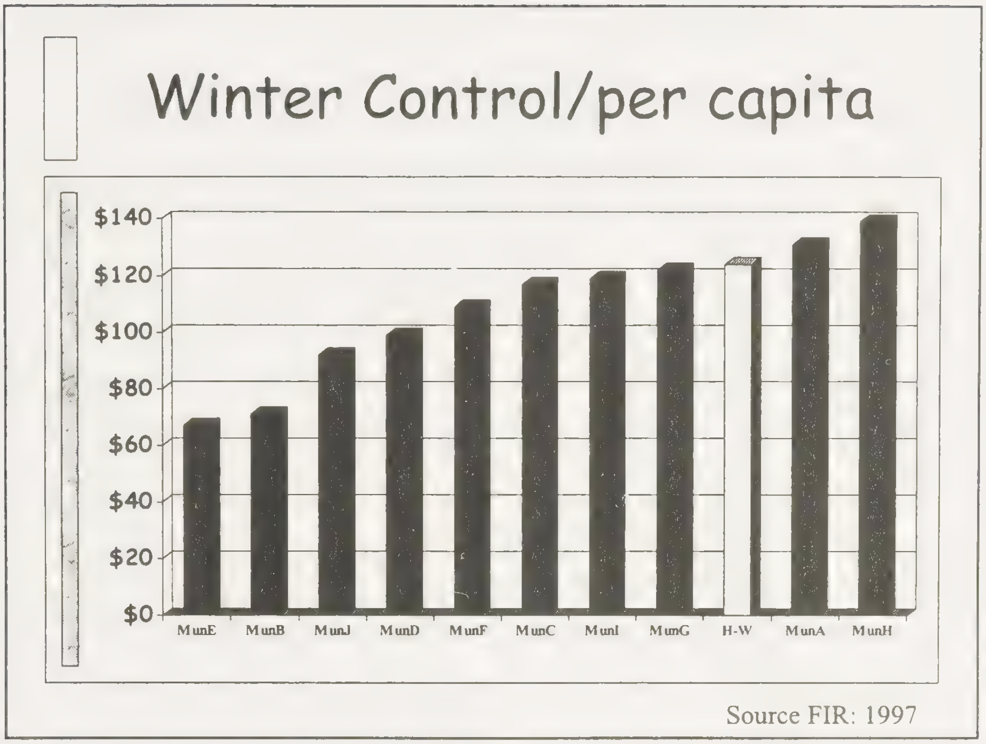
Roadways/per capita

Source FIR: 1997 (Upper & Lower)



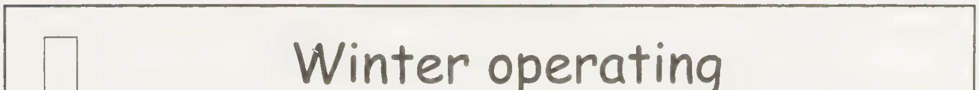
Non-winter operating expenditure/per lane kilometre

REA 1996 Road Benchmarking Project



Winter Control/per capita

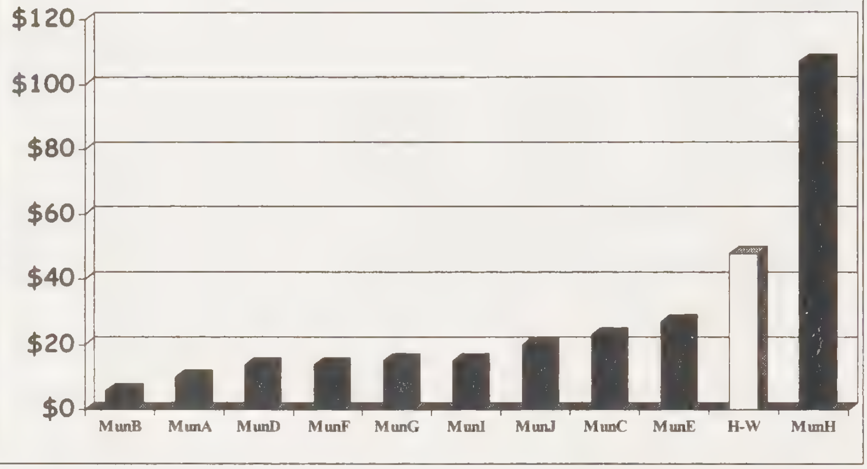
Source FIR: 1997



Winter operating expenditure/per lane kilometre

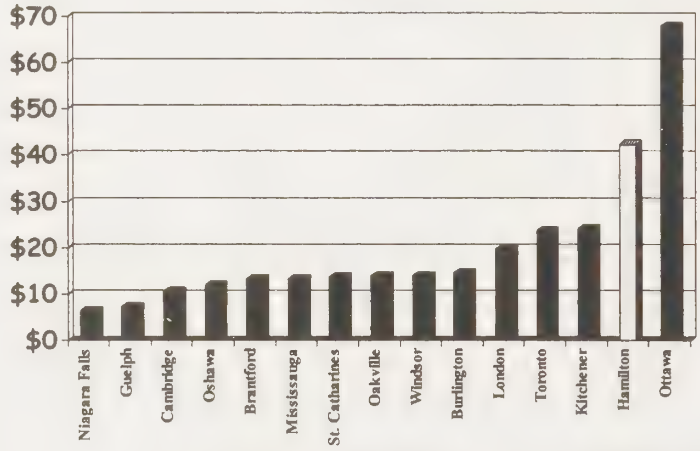
REA 1996 Road Benchmarking Project

1997 Transit/per capita

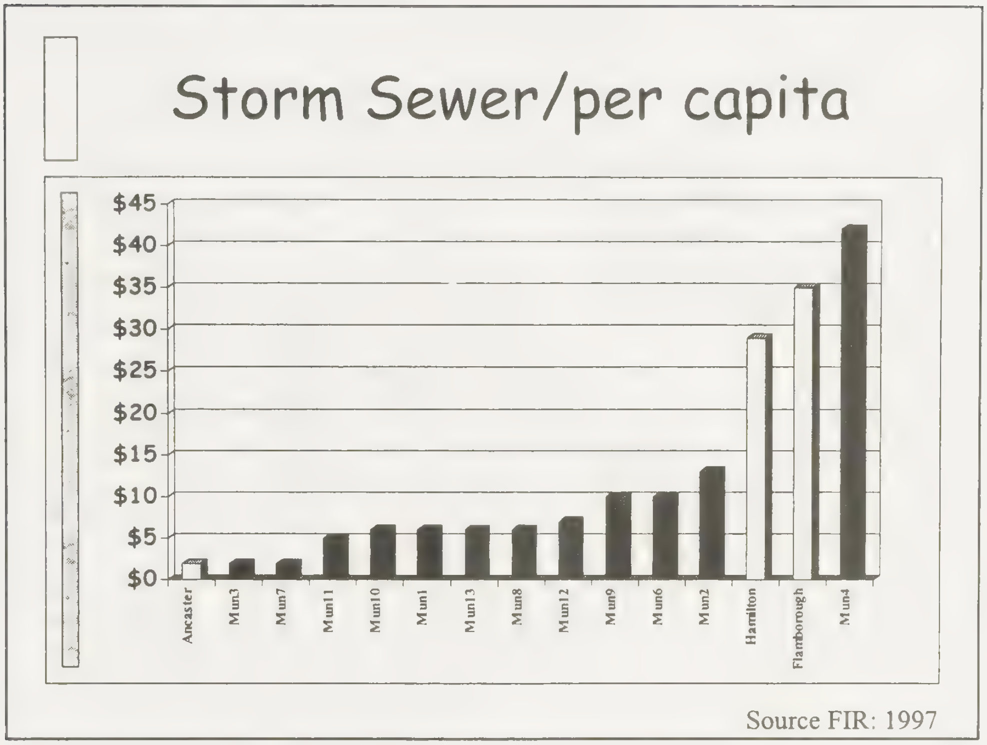


Source: 1997 FIR's

Transit Services
municipal operating contributions/per capita

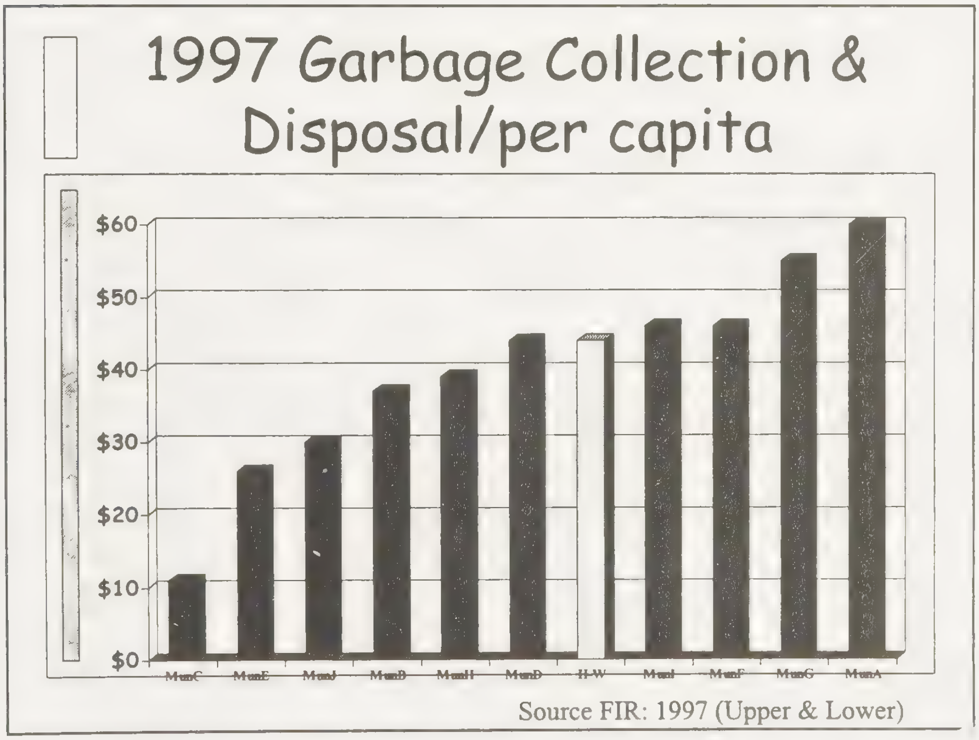


CUTA Factbook: 1997 operating data



Storm Sewer/per capita

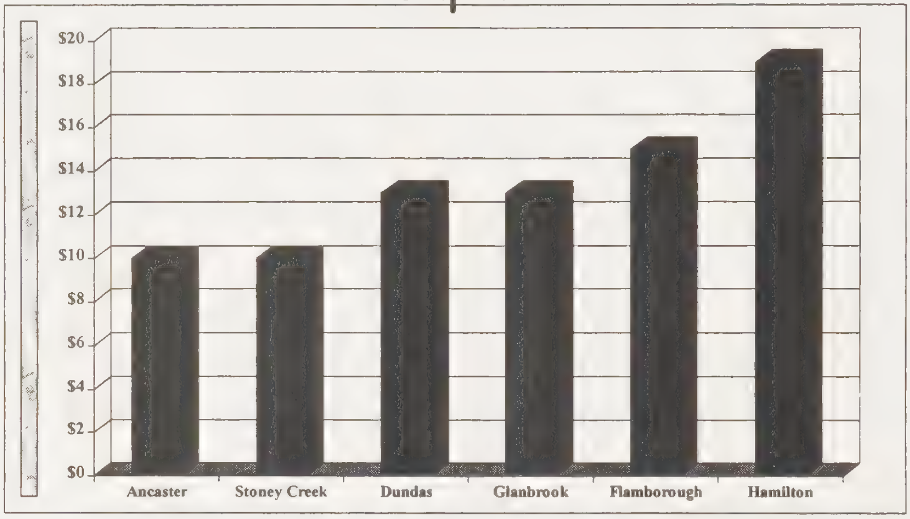
Source FIR: 1997



1997 Garbage Collection & Disposal/per capita

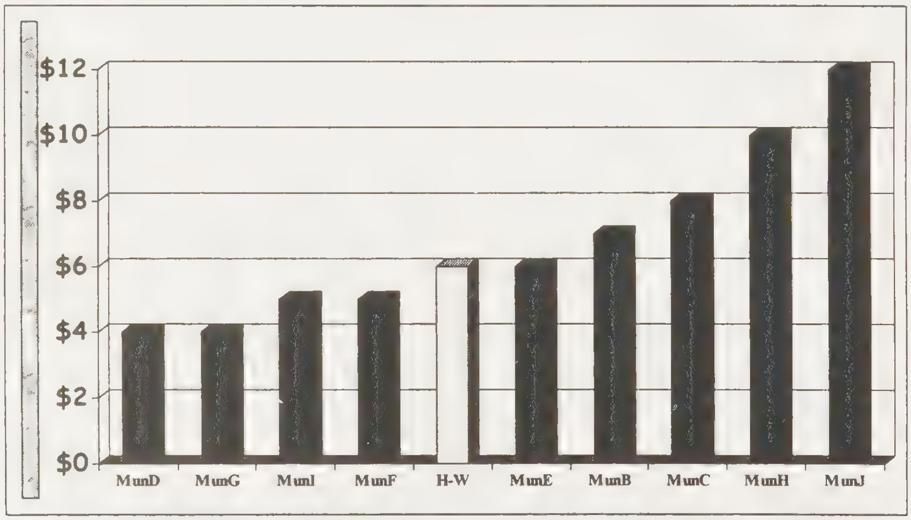
Source FIR: 1997 (Upper & Lower)

1997 H-W Garbage Collection/per capita



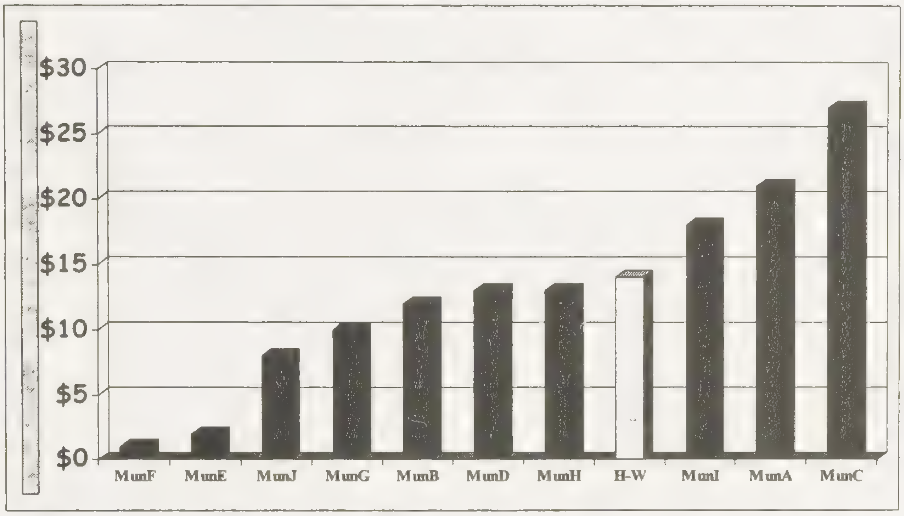
Source FIR: 1997

1997 Public Health Services/per capita



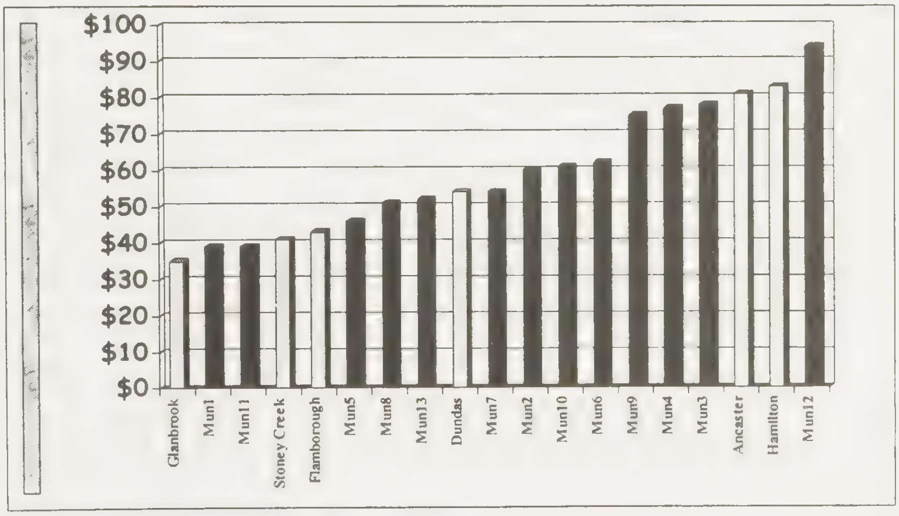
Source: 1997 FIR's

1997 Assistance to Aged Persons/per capita



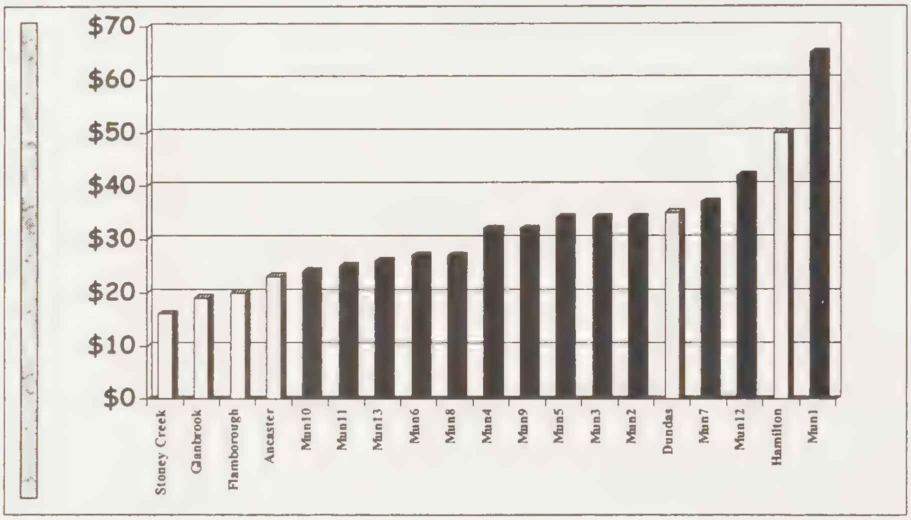
Source: 1997 FIR's

1997 Parks & Recreation/per capita



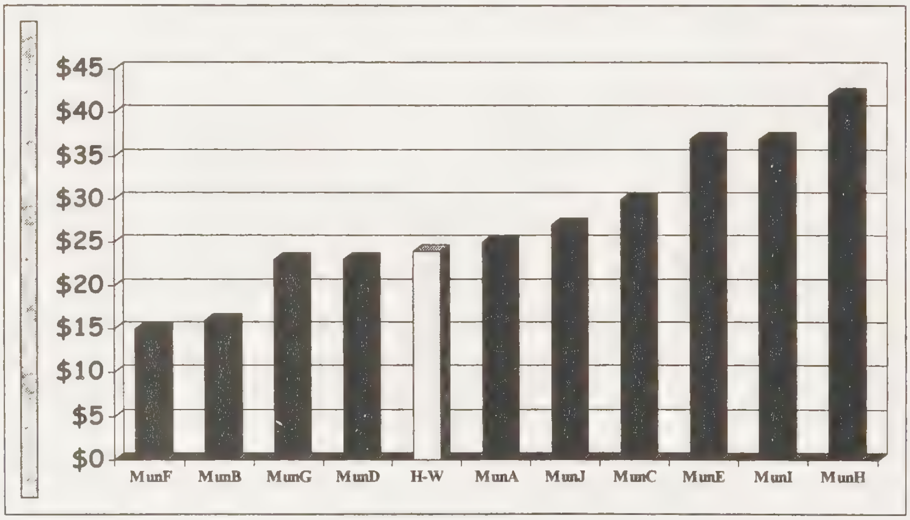
Source FIR: 1997

1997 Library/per capita



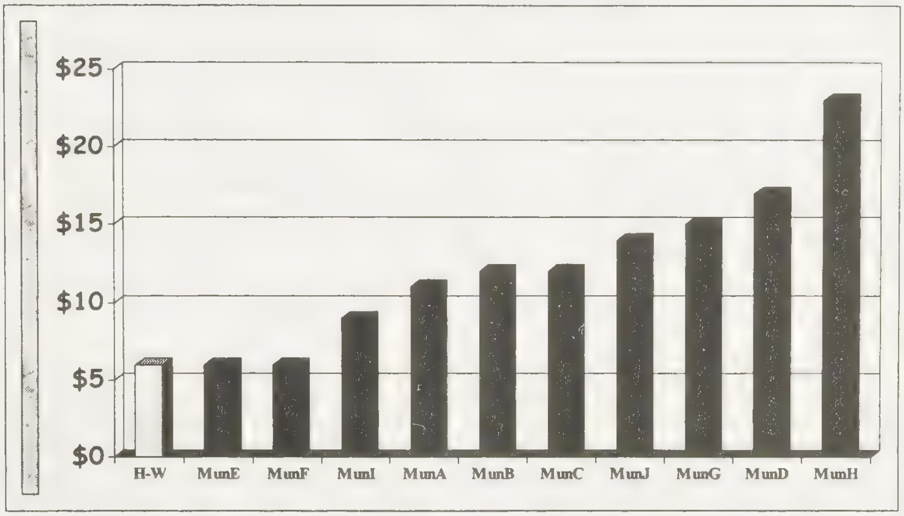
Source FIR: 1997

1997 Planning & Development/per capita



Source: 1997 FIR's (Upper & Lower)

1997 Planning & Zoning/per capita

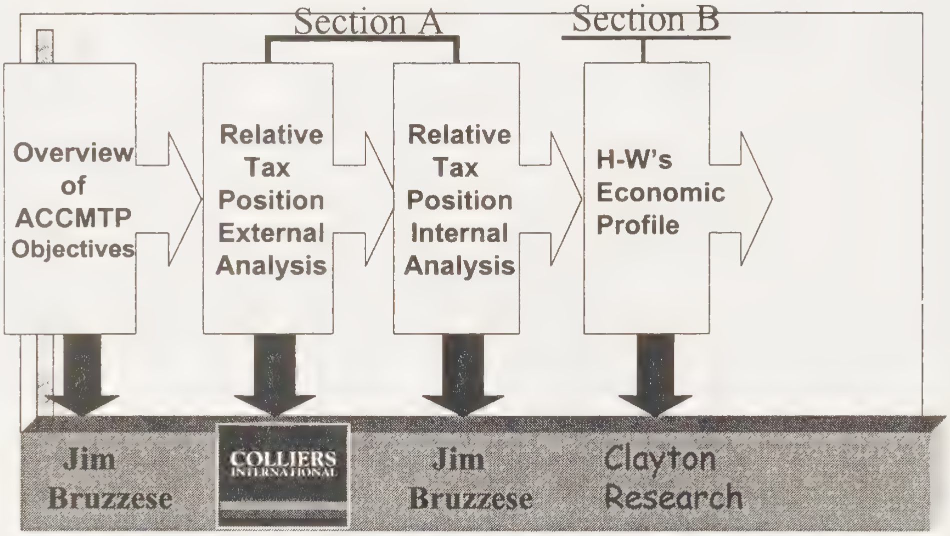


Source: 1997 FIR's (Upper & Lower)

Summary of Benchmarking exercise

- Based on the analysis completed, H-W's (consolidated Upper and Lower) net expenditures per capita overall ranked 3rd highest out of 11 municipalities
- To equalize expenditures at the survey average would require a reduction of $44.1 million (excluding GWA)

Today's Agenda



Section A

Section B

Overview of ACCMTP Objectives

Relative Tax Position External Analysis

Relative Tax Position Internal Analysis

H-W's Economic Profile

Jim Bruzzese

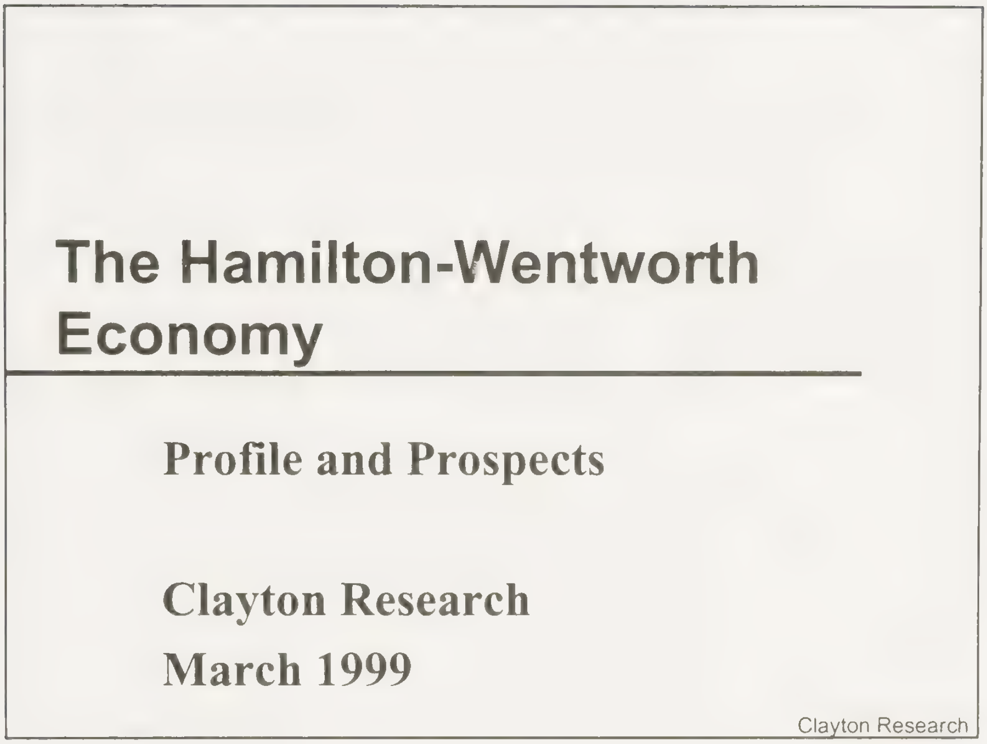
COLLIERS INTERNATIONAL

Jim Bruzzese

Clayton Research

Summary

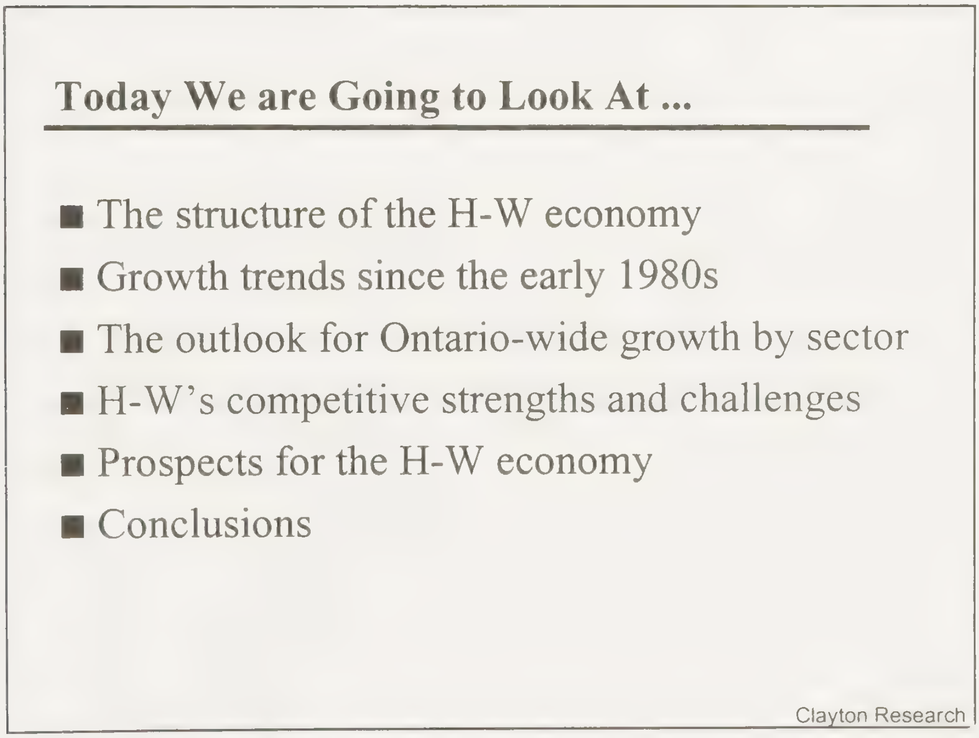
Economic Profile
Clayton Research



The Hamilton-Wentworth Economy

Profile and Prospects

Clayton Research
March 1999



Today We are Going to Look At ...

- The structure of the H-W economy
- Growth trends since the early 1980s
- The outlook for Ontario-wide growth by sector
- H-W's competitive strengths and challenges
- Prospects for the H-W economy
- Conclusions

• The Structure of the Hamilton-Wentworth Economy

Employment data - what's what

- Sources:
  - Census of Canada vs. Labour Force Survey
- Type:
  - Place of work (POW) vs. place of residence (POR)
- Geography:
  - Hamilton-Wentworth vs. Hamilton CMA
    - » *CMA includes H-W plus Burlington plus Grimsby*

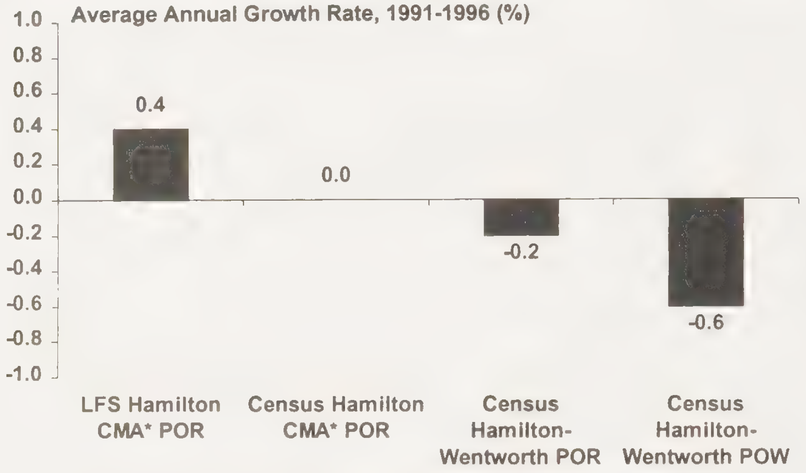
Employment data - which source has what

- Census of Canada
  - Advantages:
    - » large sample (1 in 5 households)
    - » both POW and POR
    - » small area data available
    - » H-W (and local municipalities) and CMA
  - Limitations:
    - » only every 5 years (latest 1996)

Employment data - which has what (cont'd)

- Labour Force Survey
  - Advantages:
    - » timeliness - available 1 month after reference period
  - Drawbacks:
    - » relatively small sample
    - » only POR
    - » only Hamilton CMA (no H-W or local municipalities)

Comparison of Various Employment Growth Measures, Hamilton Area



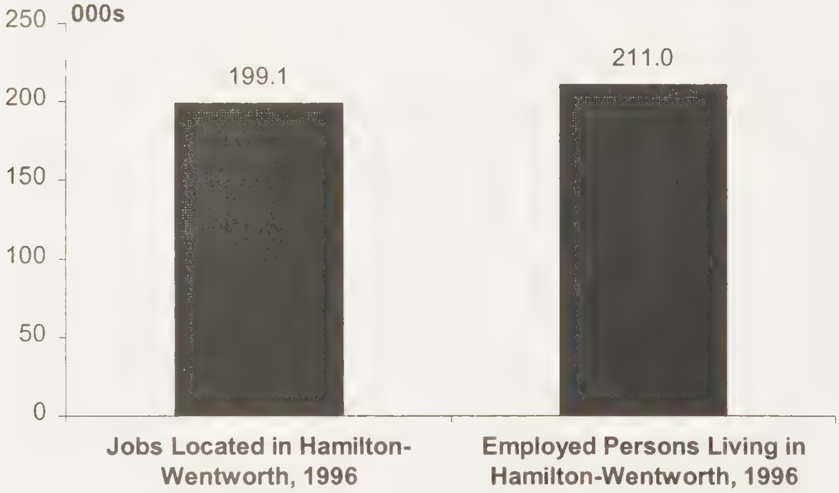
LFS=Labour Force Survey; POR=place of residence; POW=place of work

* Includes Hamilton-Wentworth, Burlington and Grimsby

Source: Clayton Research based on Statistics Canada and Census of Canada data

Clayton Research

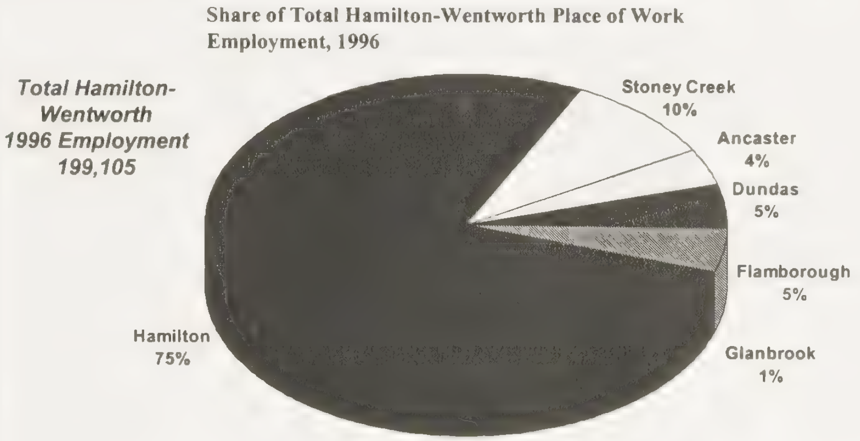
About 200,000 Jobs Are Located in Hamilton-Wentworth



Source: Clayton Research based on Census of Canada data

Clayton Research

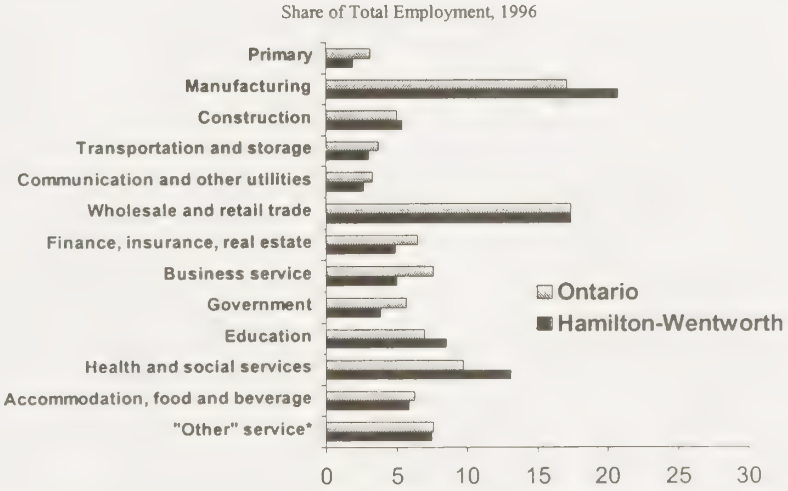
3 Out of Every 4 Hamilton-Wentworth Jobs Are Located in Hamilton



Source: Clayton Research based on Census of Canada data

Clayton Research

Hamilton-Wentworth Has a Diversified Economy

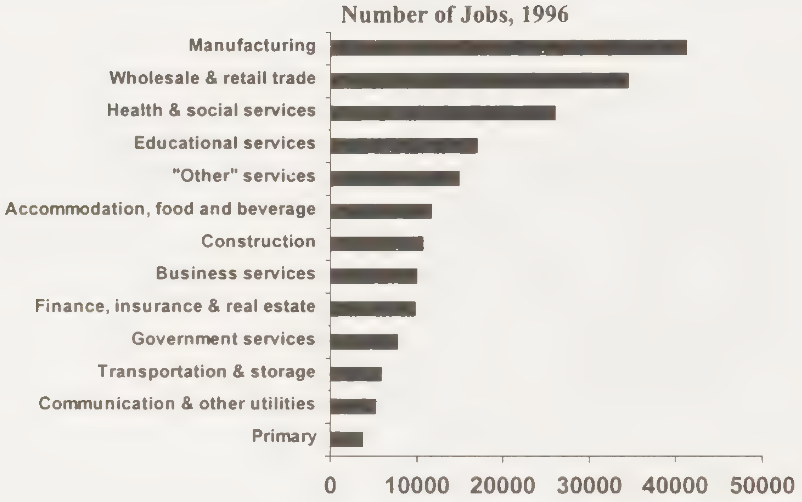


* Includes amusement/recreation, personal/household, member organizations, etc

Source: Clayton Research based on Census of Canada data

Clayton Research

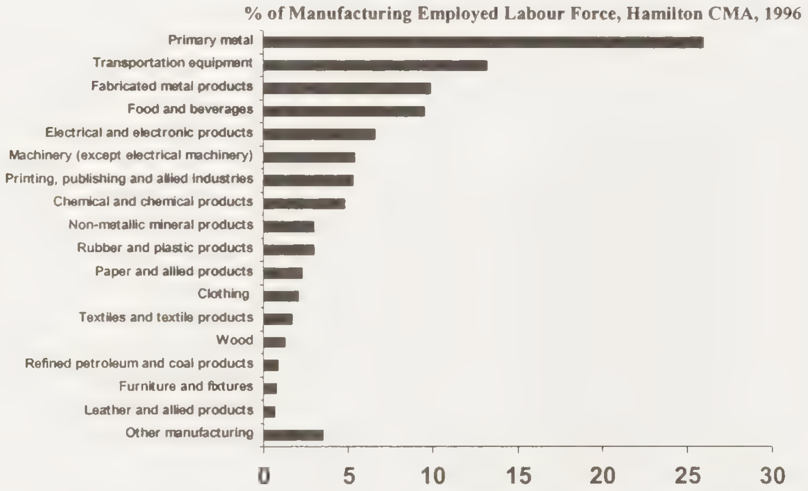
But Manufacturing Still the Single Largest Job Sector in Hamilton-Wentworth



Source: Clayton Research based on Census of Canada data

Clayton Research

Primary Metal Industry the Largest Manufacturing Subsector



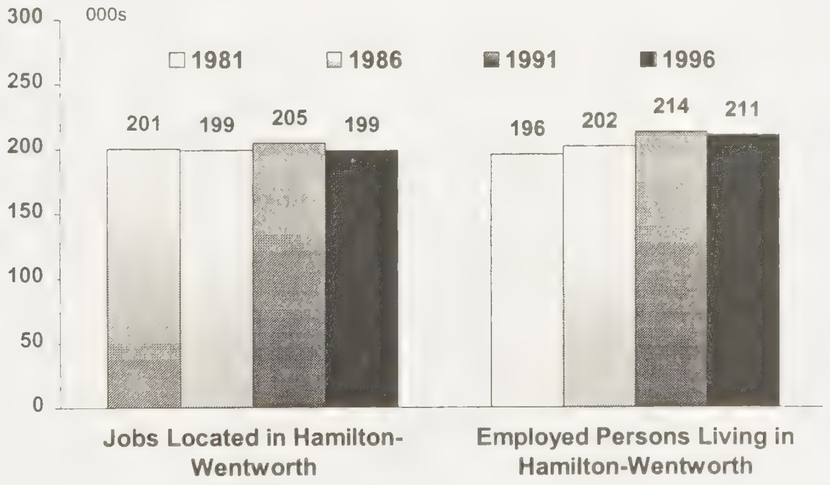
Source: Clayton Research based on Census of Canada data

Clayton Research

- Growth Trends Since the Early 1980s

Clayton Resear

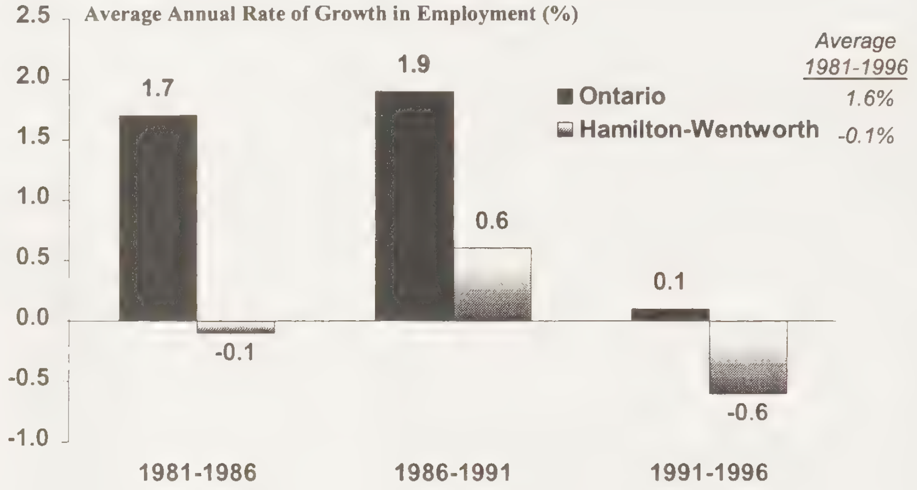
Little Change in Number of Job in Hamilton-Wentworth Since Early 1980s



Source: Clayton Research based on Census of Canada data

Clayton Research

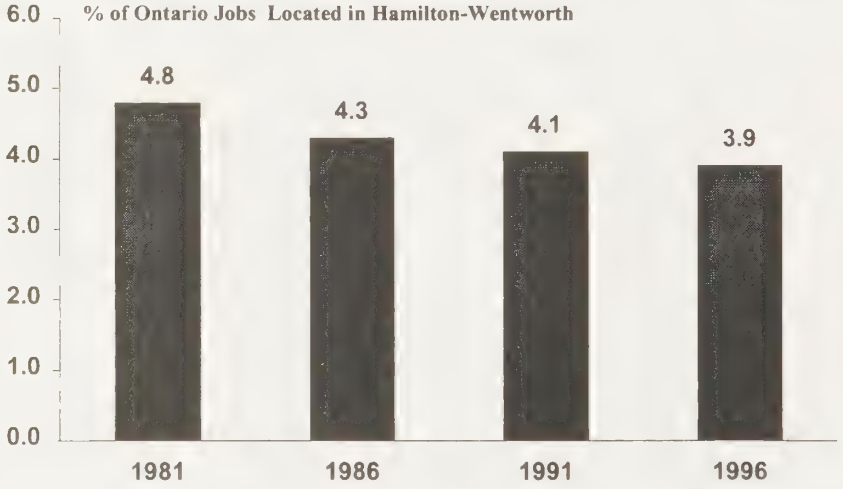
H-W Underperformed the Ontario Average Job Growth Since the Early 1980s



Source: Clayton Research based on Census of Canada data

Clayton Research

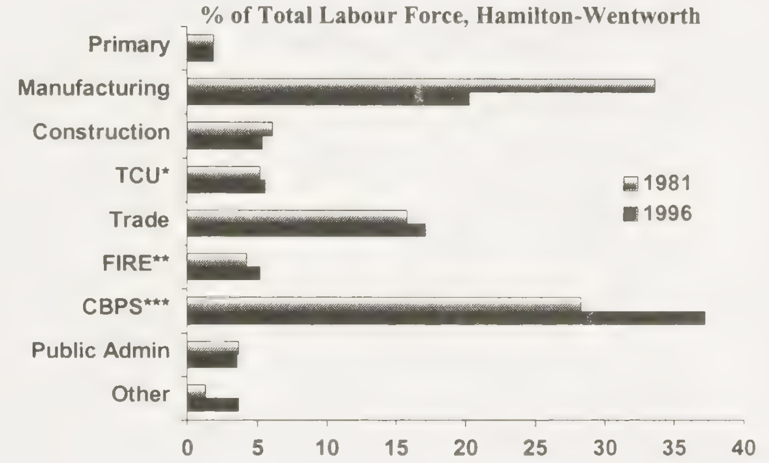
As a Result, H-W's Share of Ontario-Wide Employment Has Been Falling



Source: Clayton Research based on Census of Canada data

Clayton Research

Sectoral Shifts Have Occurred from Manufacturing to Services



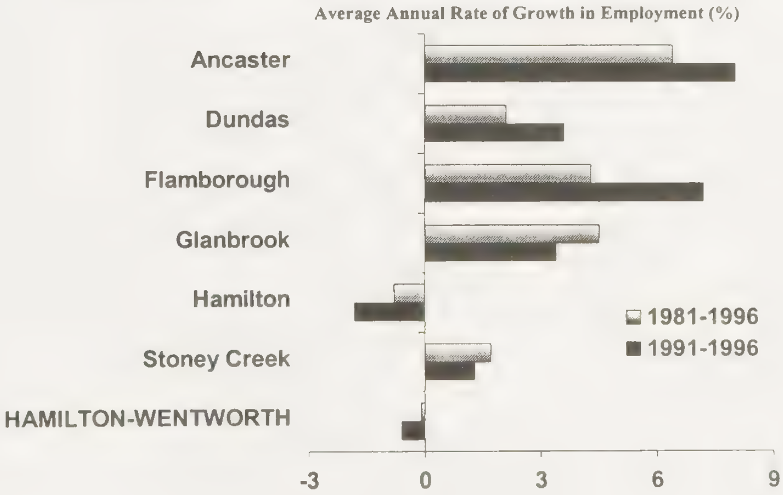
* Transportation, communcation & other utilities ** Finance, insurance and real estate

*** Community, business and personal services

Source: Clayton Research based on Census of Canada data

Clayton Research

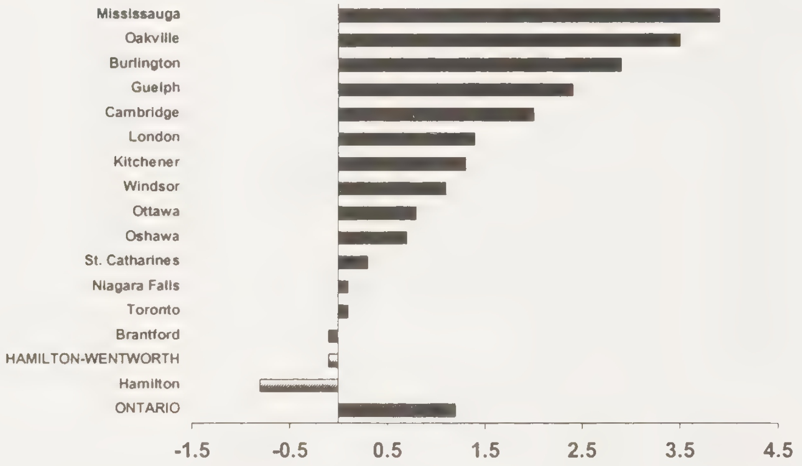
The 5 Smaller Municipalities Have Posted Impressive Job Gains Since 1981



Source: Clayton Research based on Census of Canada data

Clayton Research

H-W Has Underperformed the "Competitive Markets" Since Early 1980s

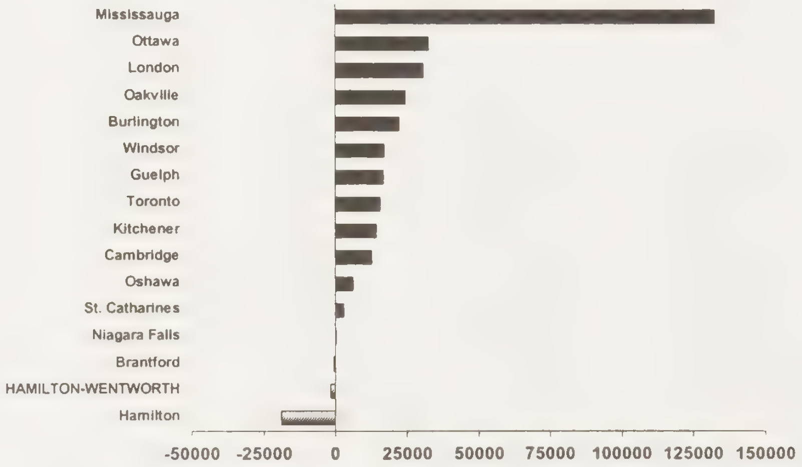


Average Annual Rate of Growth in Employment, 1981-1996 (%)

Source: Clayton Research based on Census of Canada data

Clayton Research

Mississauga Has Been the Job Magnet

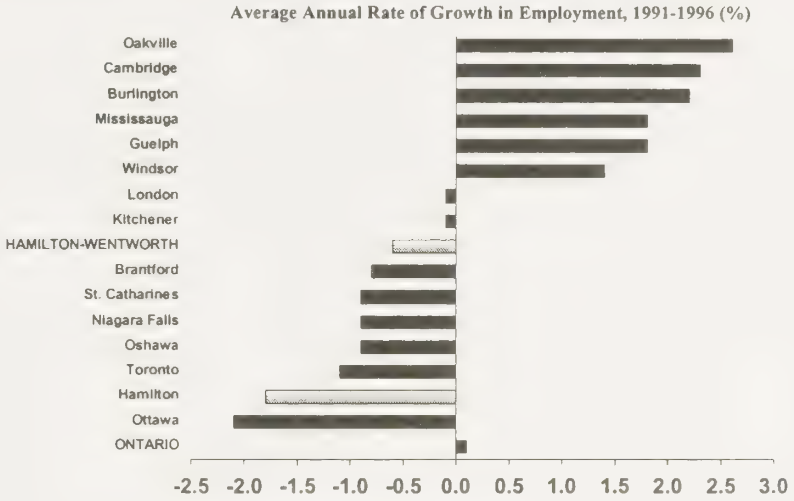


Net Number of Jobs Created/Lost, 1981-1996

Source: Clayton Research based on Census of Canada data

Clayton Research

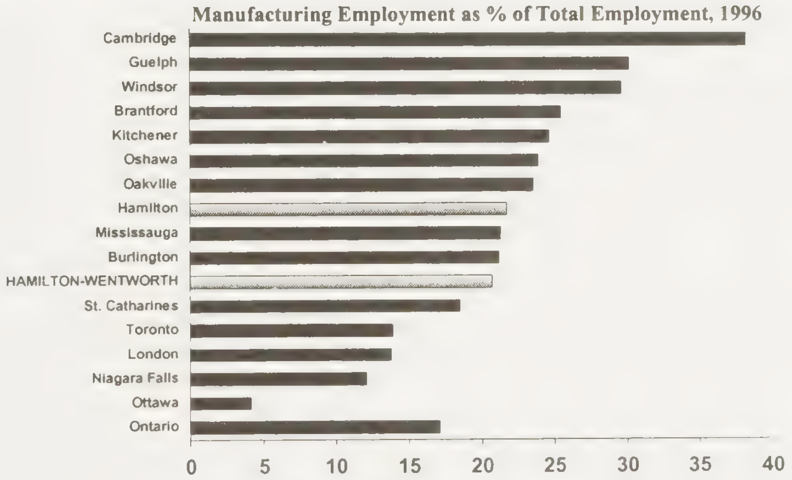
Some Markets Managed to Sustain Employment Growth Even During the First Half of the 1990s



Source: Clayton Research based on Census of Canada data

Clayton Research

Importance of Manufacturing is Higher in Many of the Other Competitive Markets Than in H-W

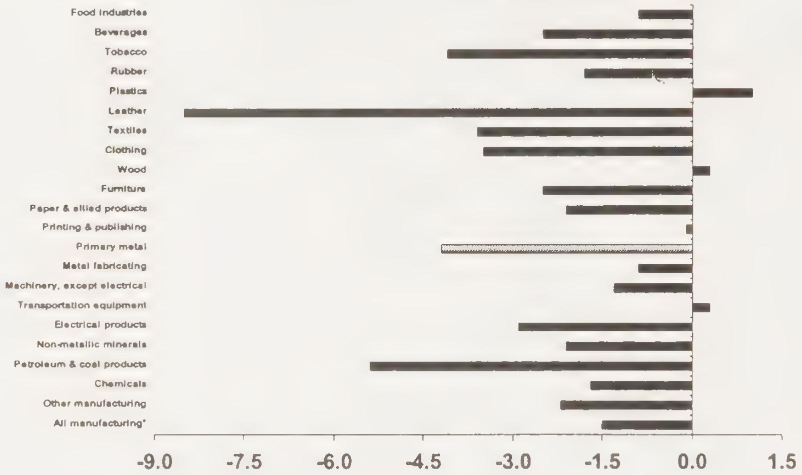


Source: Clayton Research based on Census of Canada data

Clayton Research

But Primary Metal Sector Suffered Among the Severest Manufacturing Job Losses

Average Annual % Change, 1986-1996, Ontario



Source: Clayton Research based on Census of Canada and Statistics Canada data

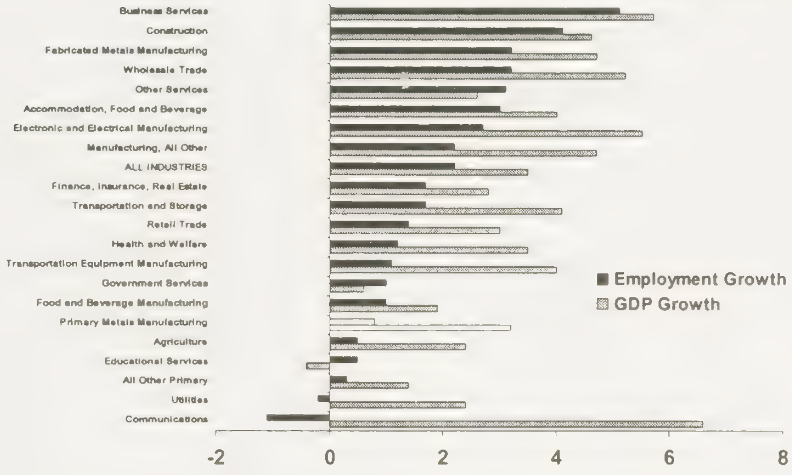
Clayton Research

• The Outlook for Ontario-wide Growth by Sector

Clayton Research

The Primary Metal Sector Expected to Post Below Average Growth in 1996-2006

Average Annual % Change, 1996-2006, Ontario

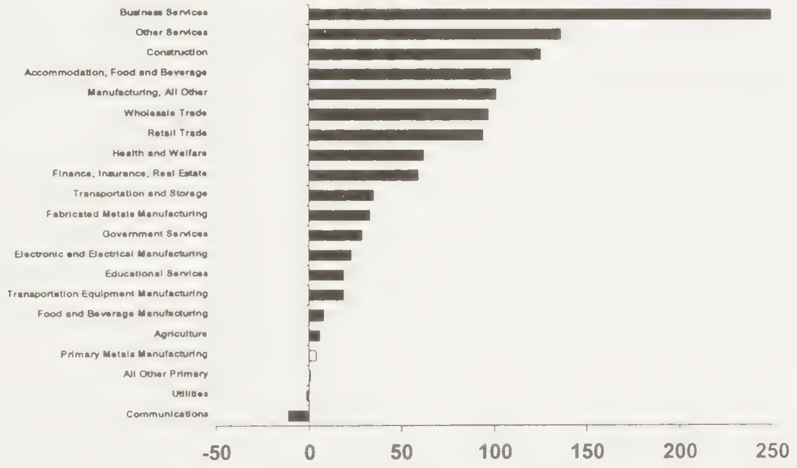


Source: Clayton Research based on Census of Canada and Statistics Canada data

Clayton Research

Most Net Jobs Will Be Created in the Business Services Sector

Change 1996-2006, 000s, Ontario



Source: Clayton Research based on Census of Canada and Statistics Canada data

Clayton Research

• Hamilton-Wentworth's Competitive Strengths and Challenges*

** Compared to other Southern Ontario markets*

This Analysis Vs. the KPMG Analysis

- The KPMG study showed that Canada/Ontario in general very competitive cost-wise
- Focus of the current study is on differentiating *among* the selected Southern Ontario markets

Key Location Decision-Making Factors

- "Hard costs"
  - e.g. land costs, construction costs, labour costs, electricity costs, realty taxes
- Other factors
  - e.g. distance to markets, transportation routes/facilities, availability of labour, quality of life, crime rates

Need to consider..

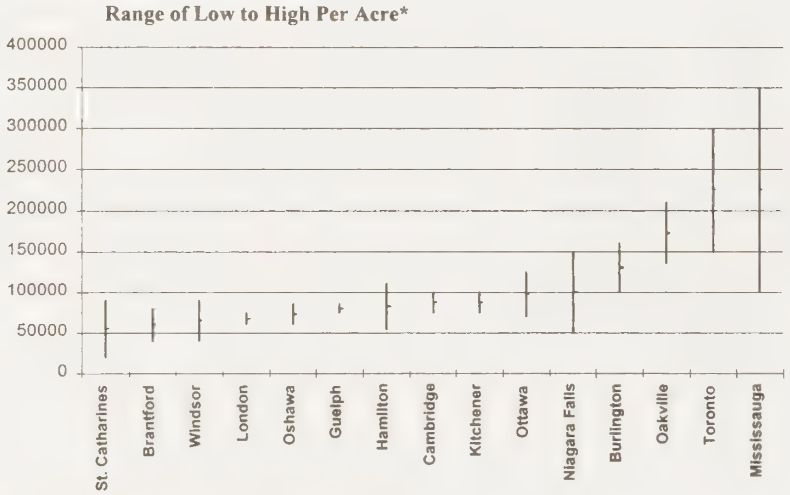
- The importance of each factor in terms of its contribution to total costs, and/or the overall decision-making exercise
- How much the factor varies between Southern Ontario centres
- H-W's competitive position

Industrial land costs

- Contribution to total location-sensitive costs
  – ***moderate***
- Variation among competitive markets
  – ***high***
- H-W's competitive position
  – ***typical***

Clayton Research

Range of Industrial Land Prices, 1998



* Zoned and serviced interior lots of 2-5 acres

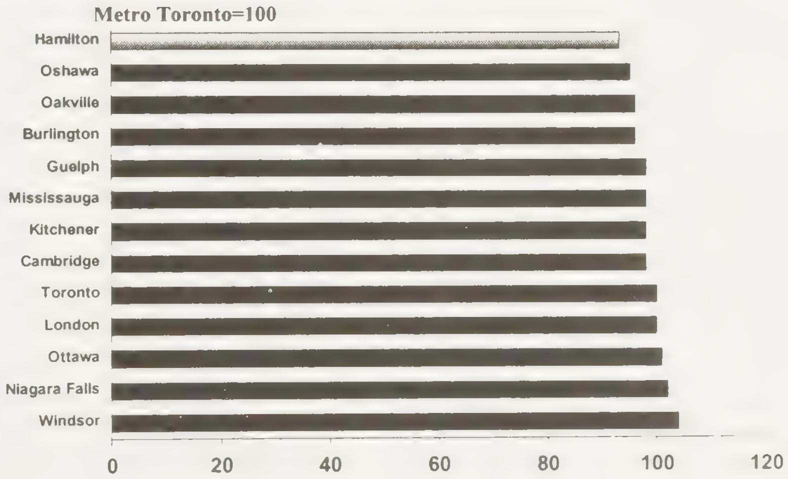
Source: Clayton Research based on Royal LePage data

Clayton Research

Construction costs

- Contribution to total location-sensitive costs
  - *moderate*
- Variation among competitive markets
  - *low*
- H-W's competitive position
  - *favourable*

Relative Costs of Construction, 1998



Source: Clayton Research based on data from Helyar & Associates

Labour costs

- Contribution to total location-sensitive costs
  - *high*
- Variation among competitive markets
  - *low*
- H-W's competitive position
  - *varies; favourable for some manufacturing (not steel); typical to unfavourable for other sectors*

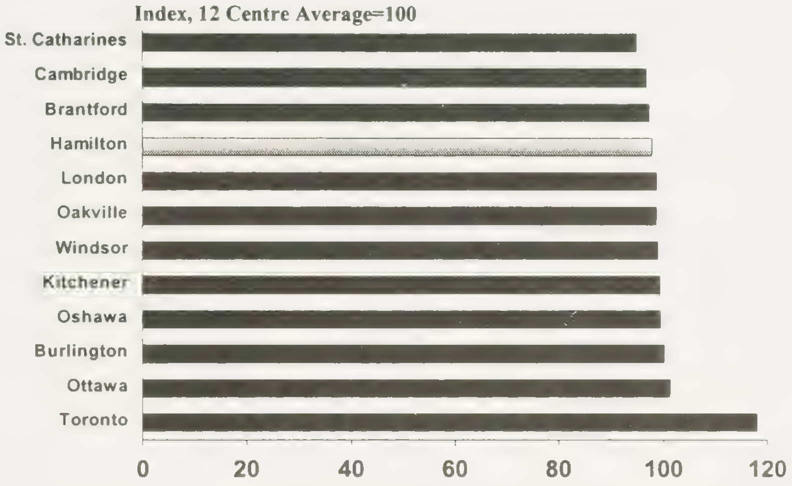
Clayton Research

Electricity costs

- Contribution to total location-sensitive costs
  - *low*
- Variation among competitive markets
  - *low*
- H-W's competitive position
  - *favourable*

Clayton Research

Relative Costs of Electricity, Illustrative Single Purpose Industrial User



Source: Analysis undertaken by the Regional Municipality of Hamilton-Wentworth

Clayton Research

Realty taxes

- Contribution to total location-sensitive costs
  - ***relatively low (compared to labour costs)***
    - » *but one of the key factors currently differentiating Southern Ontario markets*
    - » *also negative perception of "paying taxes"*
- Variation among competitive markets
  - ***moderate to high (depending on class)***
- H-W's competitive position
  - ***generally unfavourable***

Clayton Research

Distance to markets

- Importance to location decision-making
  - *high*
- Variation among competitive markets
  - *high*
- H-W's competitive position
  - *favourable*

Transportation routes/facilities

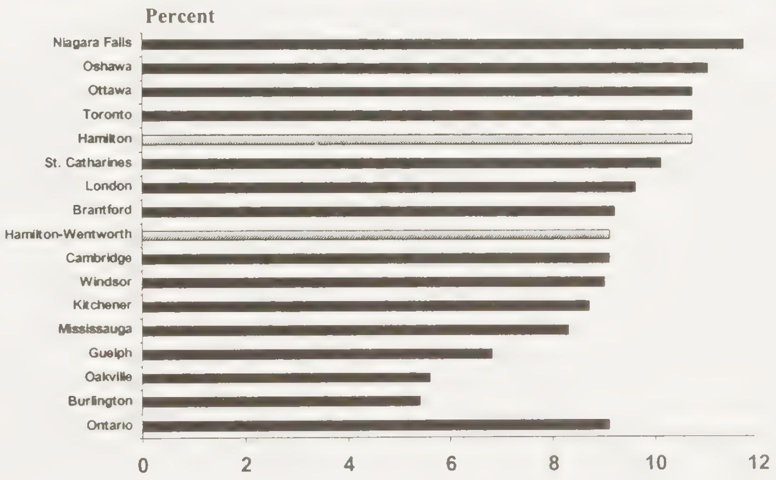
- Importance to location decision-making
  - *high*
- Variation among competitive markets
  - *high*
- H-W's competitive position
  - *generally favourable (and improving)*

Availability of labour

- Importance to location decision-making
  - *high*
- Variation among competitive markets
  - *low*
- H-W's competitive position
  - *unfavourable (due to low market area u.r.)*

Clayton Research

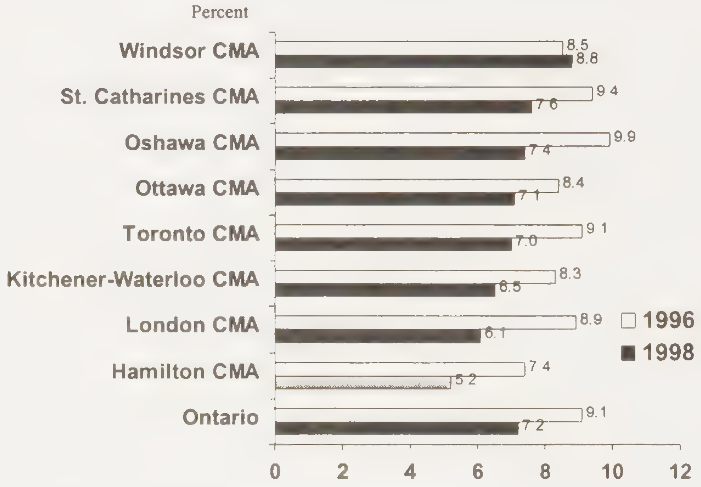
Total Unemployment Rate, Census of Canada, 1996



Source: Clayton Research based on Census of Canada data

Clayton Research

Total Unemployment Rate, Labour Force Survey, 1996 and 1998



Source: Clayton Research based on Statistics Canada data

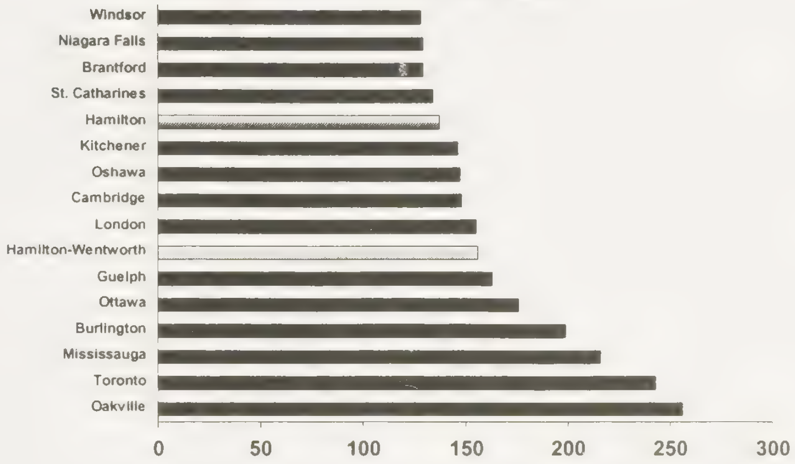
Clayton Research

Costs of Housing (example of "quality of life")

- Importance to location decision-making
  - *moderate*
- Variation among competitive markets
  - *moderate*
- H-W's competitive position
  - *favourable*

Clayton Research

Relative Price of Ownership Housing

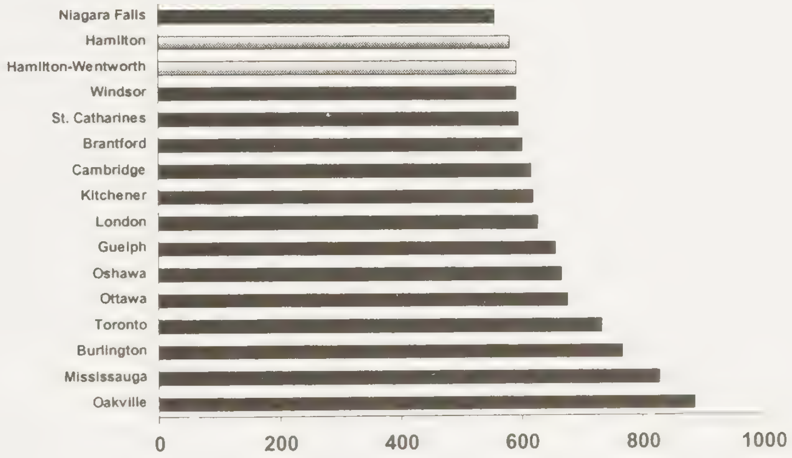


Average Dwelling Value, 1996 Census, $000s

Source: Clayton Research based on Census of Canada data

Clayton Research

Relative Price of Rental Housing



Average Monthly Gross Rent, 1996 Census, $

Source: Clayton Research based on Census of Canada data

Clayton Research

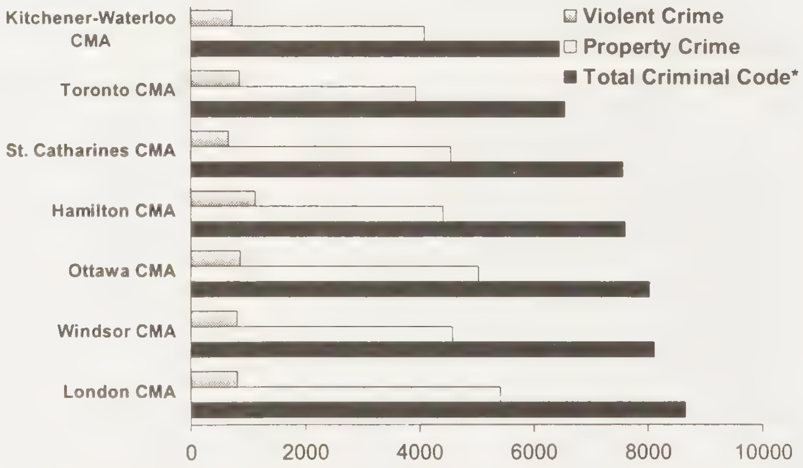
Crime Rates (example of "quality of life")

- Importance to location decision-making
  - *high*
- Variation among competitive markets
  - *low*
- H-W's competitive position
  - *typical overall, but unfavourable for violent crime*

Clayton Research

Crime Rates

Rate Per 100,000 Population, 1997



* Includes violent crime, property crime and "other" (e.g. arson, prostitution, weapons, etc.)

Source: Clayton Research based on Statistics Canada data

Clayton Research

• Hamilton-Wentworth's Growth Prospects

Clayton Research

Criteria for Selecting Sectors Offering the Most Potential/Risk

- "Targetability" of the sector
- Relative Ontario-wide growth rate
- Absolute size of the Ontario-wide opportunity
- Current importance to the H-W economy
- H-W's competitive advantages/challenges within that sector

Clayton Research

Primary Sector (Agriculture, Other)

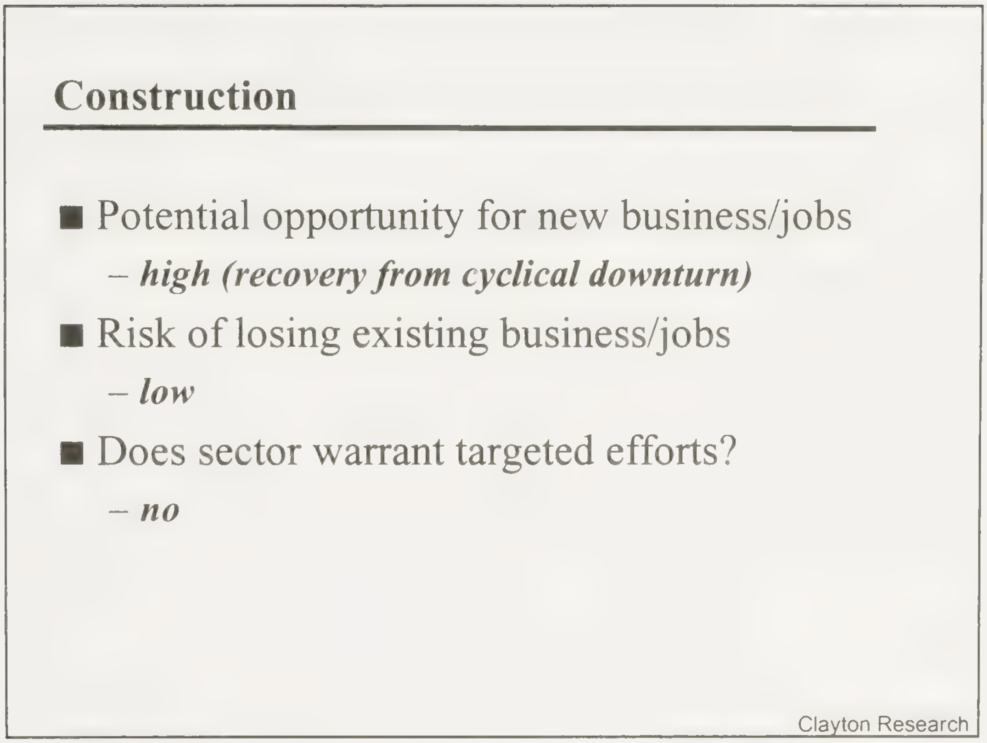
- Potential opportunity for new business/jobs
  - *low*
- Risk of losing existing business/jobs
  - *moderate*
- Does sector warrant targeted efforts?
  - *no*

Clayton Research

Manufacturing

- Potential opportunity for new business/jobs
  - *high*
- Risk of losing existing business/jobs
  - *moderate to high*
- Does sector warrant targeted efforts?
  - *yes, in particular*
    - » primary metal (steel) - to minimize risks
    - » smaller manufacturing - to attract new business that can build on existing strengths

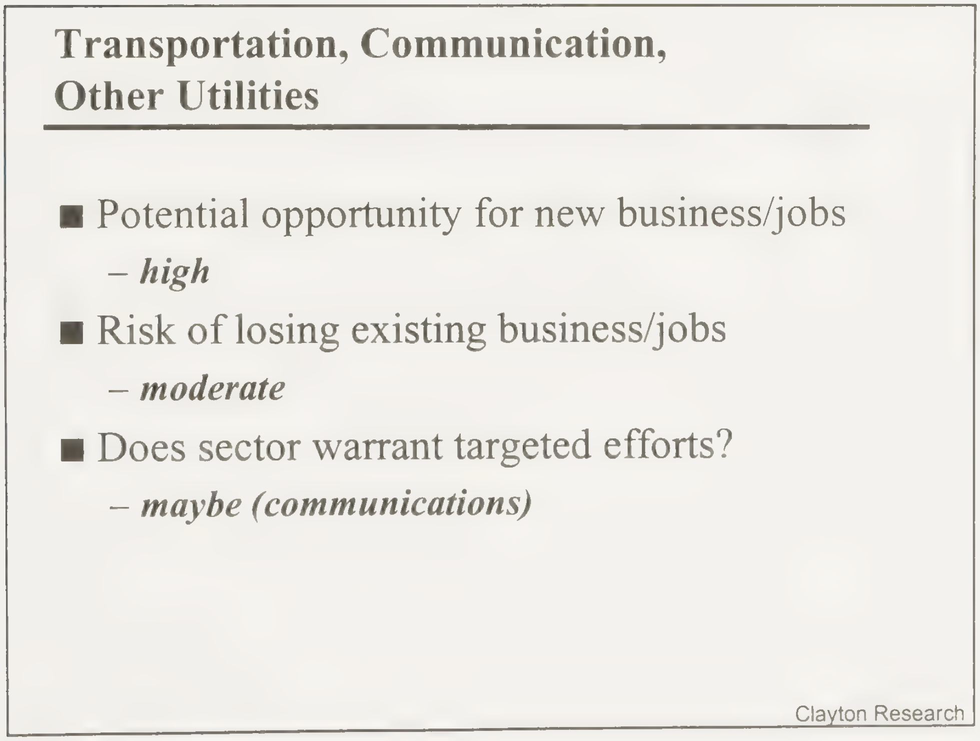
Clayton Research



Construction

- Potential opportunity for new business/jobs
  - *high (recovery from cyclical downturn)*
- Risk of losing existing business/jobs
  - *low*
- Does sector warrant targeted efforts?
  - *no*

Clayton Research



Transportation, Communication, Other Utilities

- Potential opportunity for new business/jobs
  - *high*
- Risk of losing existing business/jobs
  - *moderate*
- Does sector warrant targeted efforts?
  - *maybe (communications)*

Clayton Research

Finance, Insurance, Real Estate

- Potential opportunity for new business/jobs
  - *moderate*
- Risk of losing existing business/jobs
  - *moderate*
- Does sector warrant targeted efforts?
  - *maybe (head office operations)*

Clayton Research

Business Services

- Potential opportunity for new business/jobs
  - *high*
- Risk of losing existing business/jobs
  - *moderate*
- Does sector warrant targeted efforts?
  - *yes*

Clayton Research

Accommodation, Food and Beverage Services (i.e. Tourism)

- Potential opportunity for new business/jobs
  - *high*
- Risk of losing existing business/jobs
  - *moderate*
- Does sector warrant targeted efforts?
  - *yes (related to convention aspect)*

Clayton Research

Government, Education, Health/Welfare (i.e. Public Sector)

- Potential opportunity for new business/jobs
  - *low*
- Risk of losing existing business/jobs
  - *moderate*
- Does sector warrant targeted efforts?
  - *no*

Clayton Research

Conclusions

- Potential for attracting new business is there - but so too are risks of losing existing business
- Targeted efforts will help to:
  - maximize the opportunities (e.g. manufacturing, business services)
  - minimize the risks (e.g. steel industry)

Clayton Research

Conclusions (cont'd)

- Targeted efforts should focus on:
  - how best to build on H-W's existing strengths;
  - ways in which higher costs or other current disadvantages vis-a-vis other Southern Ontario markets can be reduced/removed

Clayton Research

Conclusions (cont'd)

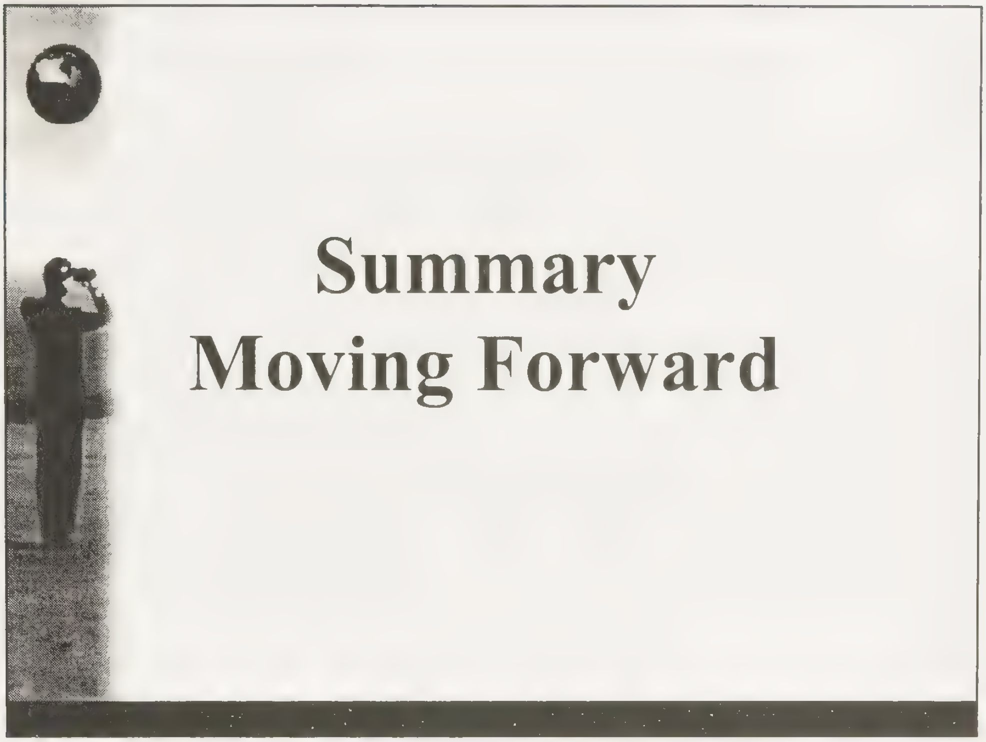
- Building on existing strengths:
  - a first step could be to identify those subsectors which can take the best advantage of H-W's relative strengths so that promotional efforts can be directed to them

Clayton Research

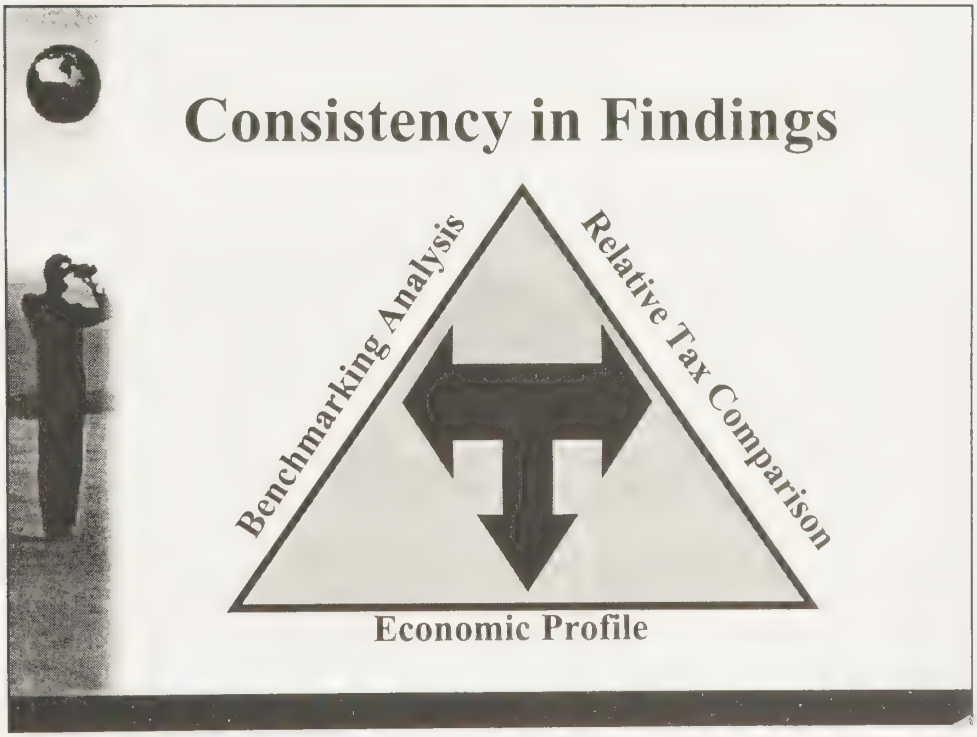
Conclusions (cont'd)

- Reducing business cost/other disadvantages
  - a first step is to review current unfavourable realty tax position; possible steps might include examining:
    - » *how important are variation in realty taxes among Southern Ontario municipalities in the location decision-making process?*
    - » *how can H-W governments reduce its costs to offset lowering tax rates?*
    - » *have reduced tax rates elsewhere help attract new business and retain existing?*

Clayton Research



Summary
Moving Forward



Consistency in Findings

Benchmarking Analysis

Relative Tax Comparison

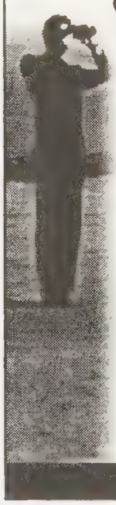
Economic Profile

Summary of the Findings

❶ **The relative tax burden in H-W is high compared to most of the neighbouring municipalities**:

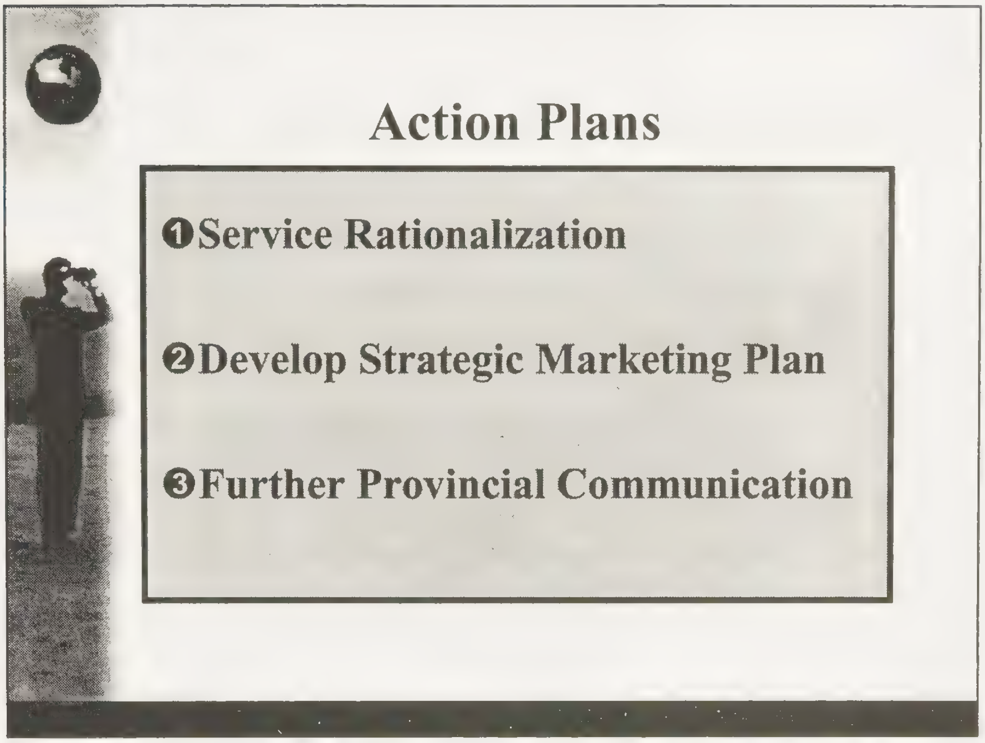
- Commercial & industrial education rates have contributed to H-W's high relative tax burden
- Income redistribution programs (GWA/FBA) pose additional challenges for older urban municipalities such as H-W
- Municipal expenditures/capita are high in H-W, even after isolating income redistribution programs
- High residential and non-residential tax burden limits ability to shift the burden amongst classes

Summary of the Findings



❷ **Lower income per capita results in affordability issues for the City of Hamilton taxpayer**

- Funding soft services (ie. social assistance programs) from property taxes compounds this issue and jeopardizes the financial viability of mature urban centres such as H-W
- The property tax system is **not elastic** enough to deal with the additional costs during economic downturns

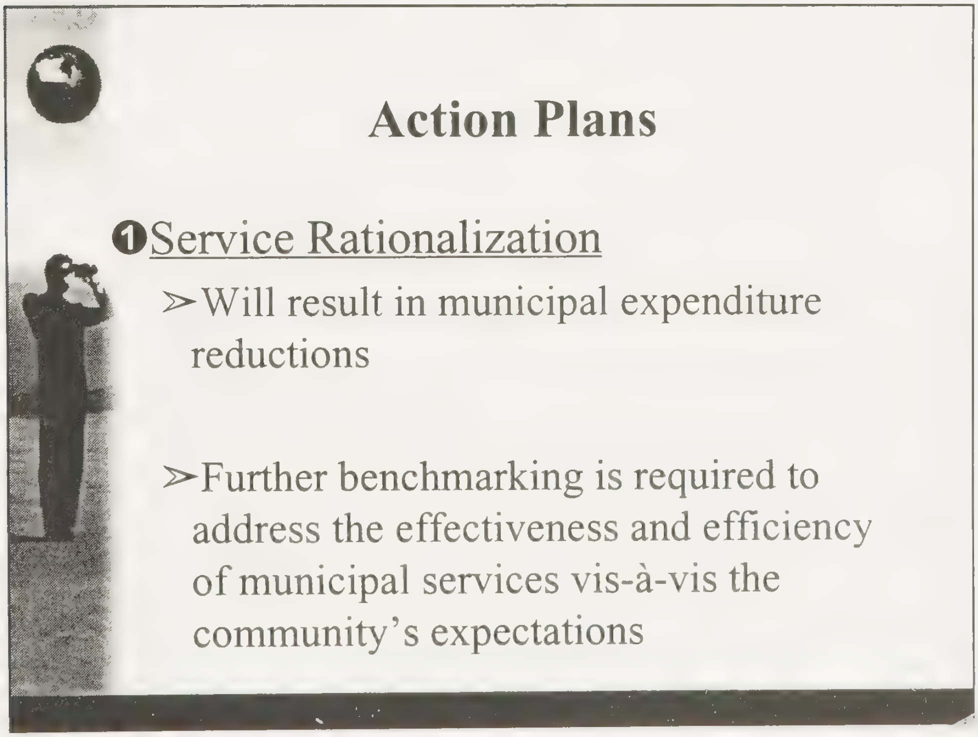


Action Plans

❶Service Rationalization

❷Develop Strategic Marketing Plan

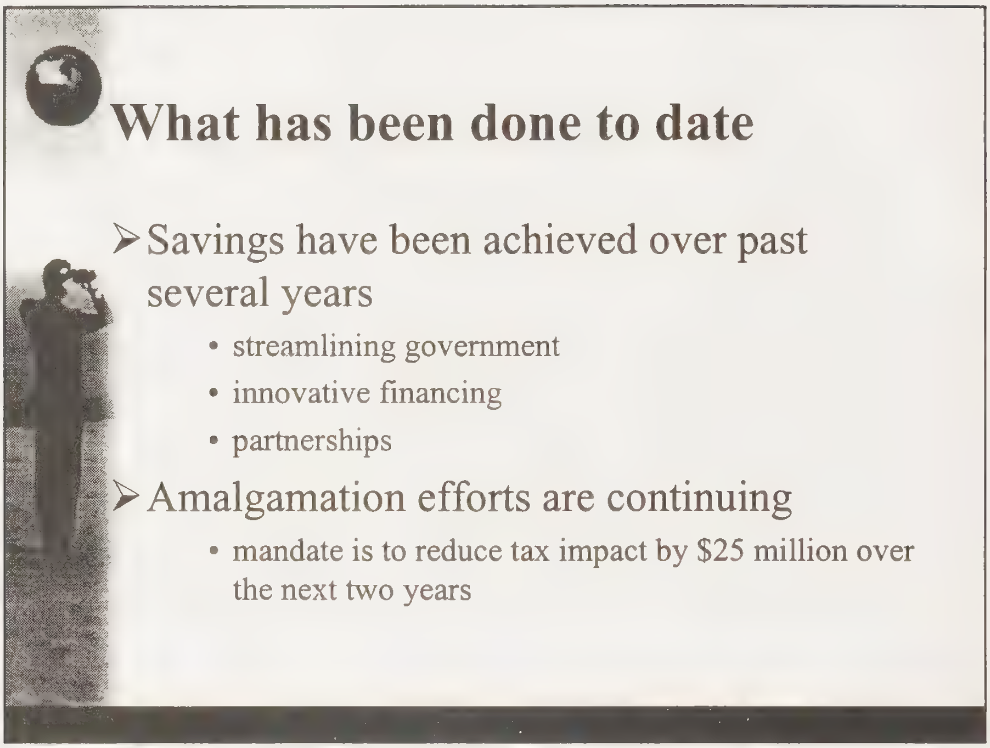
❸Further Provincial Communication



Action Plans

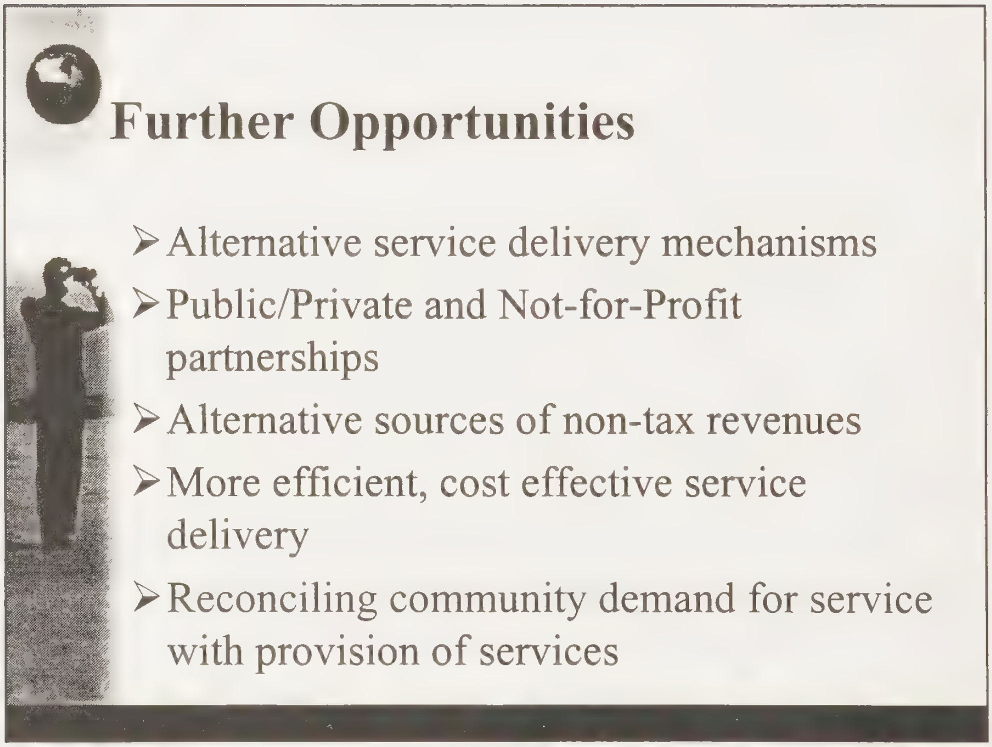
❶Service Rationalization

- ➢Will result in municipal expenditure reductions
- ➢Further benchmarking is required to address the effectiveness and efficiency of municipal services vis-à-vis the community's expectations



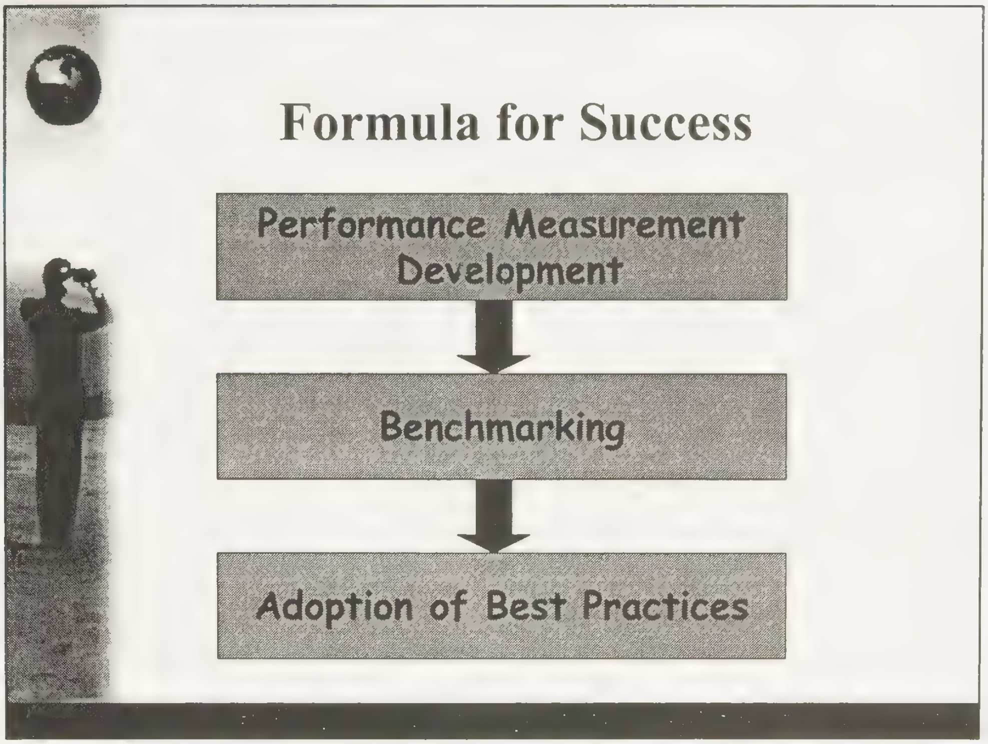
What has been done to date

- Savings have been achieved over past several years
  - streamlining government
  - innovative financing
  - partnerships
- Amalgamation efforts are continuing
  - mandate is to reduce tax impact by $25 million over the next two years



Further Opportunities

- Alternative service delivery mechanisms
- Public/Private and Not-for-Profit partnerships
- Alternative sources of non-tax revenues
- More efficient, cost effective service delivery
- Reconciling community demand for service with provision of services



Formula for Success

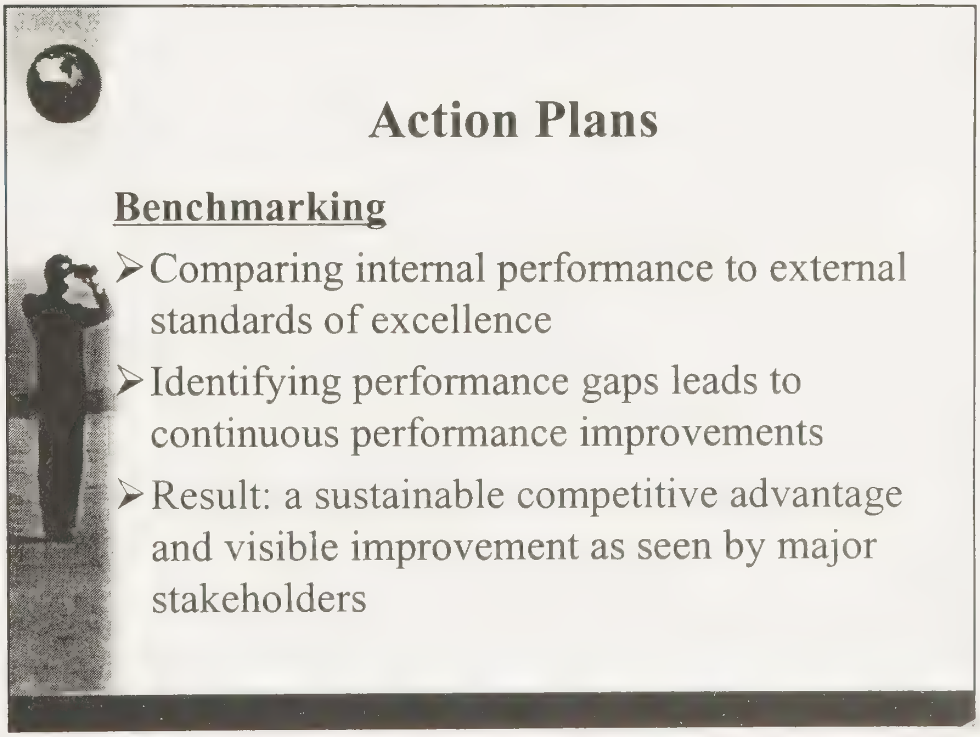
Performance Measurement Development

↓

Benchmarking

↓

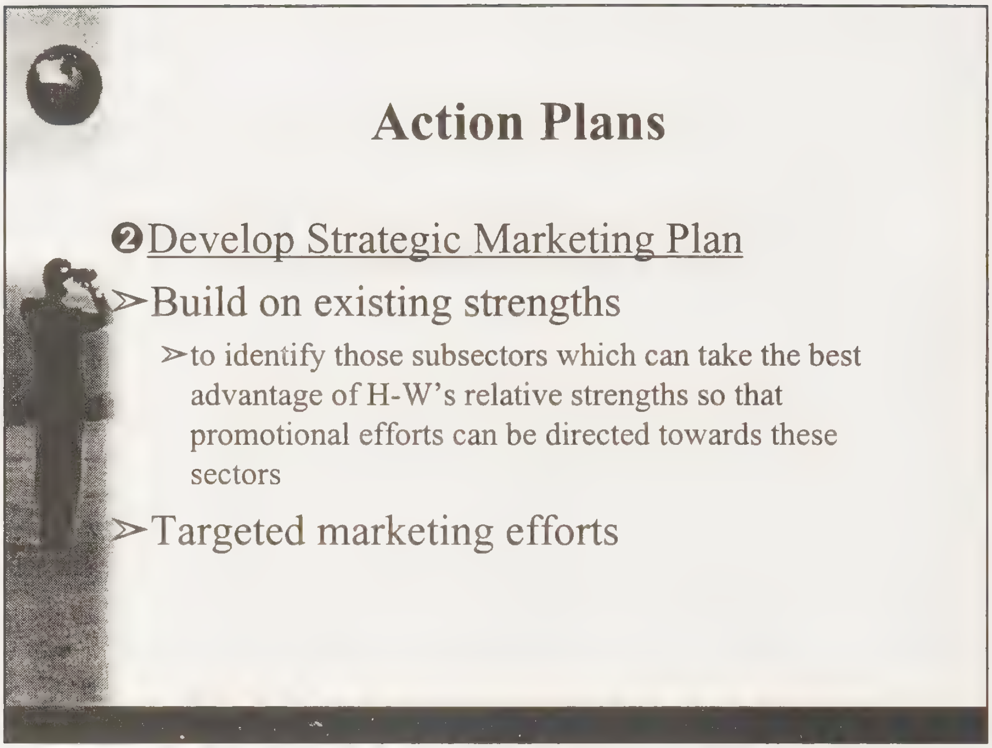
Adoption of Best Practices



Action Plans

Benchmarking

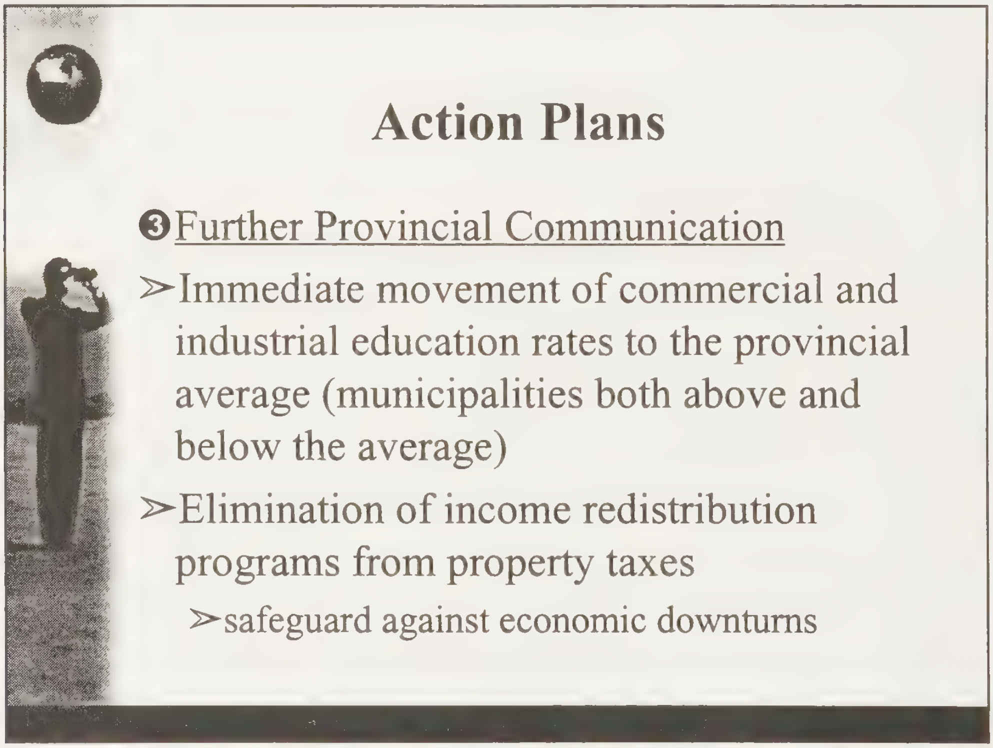
- Comparing internal performance to external standards of excellence
- Identifying performance gaps leads to continuous performance improvements
- Result: a sustainable competitive advantage and visible improvement as seen by major stakeholders



Action Plans

❷ Develop Strategic Marketing Plan

- ➢ Build on existing strengths
  - ➢ to identify those subsectors which can take the best advantage of H-W's relative strengths so that promotional efforts can be directed towards these sectors
- ➢ Targeted marketing efforts



Action Plans

❸ Further Provincial Communication

- ➢ Immediate movement of commercial and industrial education rates to the provincial average (municipalities both above and below the average)
- ➢ Elimination of income redistribution programs from property taxes
  - ➢ safeguard against economic downturns

3 2022 17460862 6